

TREASURY WINE ESTATES

Treasury Wine Estates

Annual 2019 financial result

Treasury Wine Estates will host an investor and media webcast and conference call commencing at 10:30am (AEST) on 15 August 2019 (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.

TELECONFERENCE DIAL IN NUMBERS:

Participant Passcode 10000944

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TWE delivers 25% EBITs growth, Operating Cashflow up 36% F19 NPAT up 16% to \$419.5m and EPS up 18% to 58.4 cps¹

Announcement highlights

- NSR² up 17% to \$2,831.6m; NSR increase of 12% on a constant currency basis represents the strongest organic growth rate in company history³
- F19 EBITs⁴ up 25% to \$662.7m in line with guidance and EBITs margin accretion to 23.4%, up 1.6ppts
- NSR, NSR per case and EBITs growth delivered across all regions, led by volume growth and price realisation in the Luxury and Masstige segments
- NPAT⁵ up 16% to \$419.5m; EPS⁶ growth to 58.4 cents per share, up 18%
- Full year cash conversion 75.8%, ahead of the 60-70% guidance range, with Operating Cashflow⁷ up 36%. Lease adjusted net debt to EBITDAS 1.7x⁸, an improvement of 0.2x in F19
- Globally, shipments are broadly in line with depletions and forward days inventory cover are in line with the prior year⁹
- In Asia, increased allocation of Luxury and Masstige wine and outstanding execution through TWE's competitively advantaged business model delivered another year of stellar growth
- US route-to-market changes have been successfully embedded, with TWE now focused on leveraging the new operating model to drive improved performance and margin accretion in F20 and beyond
- TWE has today confirmed the acquisition of French production and vineyard assets in the Bordeaux region of France and announced the significant future expansion of Luxury winemaking infrastructure in South Australia, both representing key investments that will support continuation of TWE's premiumisation strategy
- TWE reiterates F20 guidance of reported EBITs growth of approximately 15% to 20%¹⁰, with F20 full year underlying cash conversion expected to be broadly in line with F19

F19 result summary

Treasury Wine Estates Limited (ASX:TWE or "the Company") today announced its annual 2019 financial result, with NPAT up 16% to \$419.5m and EPS up 18% to 58.4 cents per share.

TWE reported EBITs of \$662.7m, up 25% on a reported currency basis, with EBITs margin increasing to 23.4%, another meaningful step forward on the journey to an EBITs margin of 25% and beyond.

Premiumisation was a key driver of performance, with NSR from the Luxury and Masstige segments growing 27% in F19, and now representing 69% of Group NSR.

ROCE¹¹ increased 2.3ppts to 14.9%, underpinned by enhanced profitability in all regions and supported by TWE's disciplined approach to capital allocation.

The Board declared a final dividend of 20 cents per share, fully franked. F19 full year dividend of 38 cents per share up 19% on the previous corresponding period (pcp).

On today's result, TWE's Chief Executive Officer, Michael Clarke, commented: "I am extremely pleased to announce yet another high-quality set of financial results for our shareholders in fiscal 2019, delivering a five-

¹ Unless otherwise stated, all figures and percentage movements outlined in TWE's Media Release are stated on a reported currency basis and are subject to rounding

² Net sales revenue

³ Excludes the impact from the Diageo Wine acquisition in F16

⁴ Earnings before interest, tax, SGARA and material items

⁵ Statutory Net Profit After Tax

⁶ Reported basic Earnings Per Share

⁷ Net operating cash flow before financing costs, tax and material items

⁸ Operating leases capitalized in accordance with AASB 16 Leases

⁹ Excludes first year impact of new product launches

¹⁰ Assuming no material changes due to vintage or foreign exchange movements. Does not include impacts from application of AASB16 Leases or one-off charges of approximately \$35m associated with the expansion of Luxury winemaking infrastructure in South Australia

¹¹ Return On Capital Employed

year EBITs CAGR¹² of 30%. Today's results confirm the positive momentum in our business which is being delivered through our premiumisation strategy, the disciplined investments we have made in our business over recent years and importantly, exceptional execution by our global team. While the competitive and macro-economic landscape has presented challenges for the industry in some of our key growth markets, our competitively advantaged business models and collaborative customer partnerships have enabled TWE to continue delivering strong underlying growth."

Key highlights from a regional perspective include:

- Americas reported 13% EBITs growth to \$218.7m and an EBITs margin of 19.3% (down 0.8ppts) whilst successfully embedding route-to-market changes and investment in the US. Premiumisation continues to be a key driver of performance, with increased Luxury and Masstige volumes complemented by growth in Canada and Latin America
- Asia reported 43% EBITs growth to \$293.5m and an EBITs margin of 39.2% (up 1.7ppts), driven by increased availability of Luxury and Masstige wine, growing demand for TWE's portfolio of brands and outstanding execution. TWE continues to invest in driving distribution, brand building and organisational capability throughout the region to support future growth
- Australia & New Zealand (ANZ) reported 15% EBITs growth to \$156.5m and an EBITs margin of 26.0% (up 3.3ppts), driven by growth across the Masstige and lower Luxury portfolios, improving performance in the on-premise channel and an ongoing focus on managing costs
- Europe reported 4% EBITs growth to \$51.4m and an EBITs margin of 14.9% (down 0.5ppts), driven by targeted investment behind priority brands in focus markets throughout the region

TWE maintains financial metrics that are consistent with an investment grade credit profile. At F19, TWE reported net debt / EBITDAs of 1.7x (adjusted for capitalisation of operating leases), a reduction of 0.2x in the year, with interest cover of 12.8x¹³.

Cash conversion of 75.8% was above the guided 60-70% range, a result of cycling through route-to-market changes and an improved sales order profile in the US, and efficient inventory management for the 2019 Australian vintage. Excluding TWE's F19 investment in non-current Luxury and Masstige inventory, which will be released in future years to support continued earnings growth, cash conversion was 92.4%.

Future perspectives

TWE is well placed to continue the successful execution of its premiumisation strategy in F20 and beyond. The 2019 Australian vintage represents yet another outstanding Luxury intake for TWE, and current investments in French production assets and Australian Luxury winemaking capacity will support the next phase of the premiumisation journey.

Further strengthening of the Company's competitively advantaged route-to-market remains a priority, particularly in the US and Asia, both of which remain attractive markets for premium wine consumption and where TWE sees significant opportunity to continue growing a focused portfolio of brands.

The Simplify for Growth program, targeting operational efficiency and enhanced returns from brand building investment will continue to support cost optimisation, and TWE will increasingly leverage the newly established Global Business Services function over time.

TWE reiterates guidance of approximately 15% to 20%¹⁴ reported EBITs growth for F20, which will be delivered by growth in all markets, through continued top line growth and premiumisation as well as ongoing operational efficiency. A patient and disciplined approach to execution through the improved US route-to-market model will be taken in seeking to achieve this target, and TWE will also seek to navigate adverse impacts to Commercial COGS¹⁵ from the 2019 Australian vintage.

¹² Compound Annual Growth Rate

¹³ 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

¹⁴ Assuming no material changes due to vintage or foreign exchange movements. Does not include impacts from the application of AASB16 Leases or one-off charges of approximately \$35m associated with the expansion of Luxury winemaking infrastructure in South Australia

¹⁵ Cost of Goods Sold



On TWE's outlook, Michael Clarke commented: "The results announced today demonstrate the exceptional returns we are delivering for our shareholders, and they are a direct result of the investments and structural change our team has made in our global business over the past five years. Sustainability is at the heart of everything we do at TWE, and we will continue to pursue opportunities to enhance the fundamentals of our business with a mindset of prioritising long-term success over short-term outcomes. We look to the future with confidence, knowing that we have the people, the brands, the wine, the business models and the customer partnerships to continue delivering sustainable, margin accretive growth."

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Profit Report Financial Performance

\$Am (unless otherwise stated)	F19	Reported Currency		Constant Currency	
		F18	Change	F18	Change
Net sales revenue	2,831.6	2,429.0	16.6 %	2,519.8	12.4 %
<i>NSR per case (\$)</i>	79.77	70.25	13.6 %	72.88	9.5 %
Other Revenue	51.4	67.4	(23.7)%	69.0	(25.5)%
Cost of goods sold	(1,660.8)	(1,435.6)	(15.7)%	(1,496.4)	(11.0)%
<i>Cost of goods sold per case (\$)</i>	46.79	41.52	(12.7)%	43.28	(8.1)%
Gross profit	1,222.2	1,060.8	15.2 %	1,092.4	11.9 %
<i>Gross profit margin (% of NSR)</i>	43.2%	43.7%	(1.1)%	43.4%	(0.5)%
Cost of doing business	(559.5)	(530.6)	(5.4)%	(547.1)	(2.3)%
<i>Cost of doing business margin (% of NSR)</i>	19.8%	21.8%	2.0ppts	21.7%	1.9ppts
EBITS	662.7	530.2	25.0 %	545.3	21.5 %
<i>EBITS margin (%)</i>	23.4%	21.8%	1.6ppts	21.6%	1.8ppts
SGARA	(19.7)	(15.1)	(30.5)%	(16.5)	(19.4)%
EBIT	643.0	515.1	24.8 %	528.8	21.6 %
Net finance costs	(52.0)	(33.4)	(55.7)%	(34.8)	(49.4)%
Tax expense	(171.5)	(116.7)	(47.0)%	(117.9)	(45.5)%
Net profit after tax (before material items)	419.5	365.0	14.9 %	376.1	11.5 %
Material items (after tax)	-	(4.6)	100.0 %	(4.9)	100.0 %
Non-controlling interests	-	(0.1)	100.0 %	(0.1)	100.0 %
Net profit after tax	419.5	360.3	16.4 %	371.1	13.0 %
Reported EPS (A€)	58.4	49.7	17.5 %	51.1	14.3 %
Net profit after tax (before material items and SGARA)	433.8	376.0	15.4 %	388.5	11.7 %
EPS (before material items and SGARA) (A€)	60.4	51.8	16.6 %	53.5	12.9 %
Average no. of shares (m)	718.4	725.7		725.7	
Dividend (A€)	38.0	32.0	18.8 %	32.0	18.8 %

Financial headlines^{16,17}

- Net Sales Revenue (NSR) increased 16.6% on a reported currency basis and 12.4% on a constant currency basis. Key drivers were a 2.7% increase in volume and 9.5% growth in NSR per case, reflecting portfolio premiumisation and price realisation within the Luxury and Masstige portfolio
- EBITS of \$662.7m, up 25.0% on a reported currency basis and 21.5% on a constant currency basis, with EBIT margin up 1.8ppts to 23.4%
- Strong uplift in NPAT, Reported EPS and EPS (before material items & SGARA)
- Net borrowings reduced by \$51.8m to \$750.5m and Net debt¹⁸ / EBITDAS, adjusted for capitalised operating leases, improved to 1.7x (from 1.9x in F18)
- Cash conversion of 75.8% was above the guided 60-70% range, reflecting the cycling through of route-to-market changes and an improved sales order profile in the US, and efficient inventory management on the 2019 Australian vintage. Excluding investment in non-current Luxury and Masstige inventory, cash conversion was 92.4%

Business headlines

- Top-line growth was delivered through increased volume, portfolio premiumisation and price realisation. In F19, all regions delivered volume, NSR and NSR per case growth
- Execution of the premiumisation strategy continues to gain momentum with Luxury and Masstige NSR growing 27.4% in F19, and now representing 68.8% of Group NSR
- Strong EBIT margin delivered in Asia, driven by TWE's premiumisation strategy, the increased availability of Luxury and Masstige wine and outstanding execution
- US route-to-market changes embedded; margin accretion delivered in 2H19 with further benefits expected from F20 onwards as the new model is refined and builds momentum
- Investment in strategic partnerships with distributor and retail partners in priority markets, supported by joint business planning and insight-led category growth initiatives
- Simplify for Growth initiatives to deliver operational efficiencies. Establishment of the Global Business Services function in F19 represents an important milestone
- Acquisition of French production assets in the Bordeaux region of France and significant future expansion of Luxury winemaking in South Australia represent key investments in premiumisation

Dividend

- Final dividend of 20 cents per share, fully franked; full year dividend of 38 cents per share delivering 18.8% growth vs. F18, and a pay-out ratio of 62.9%¹⁹
- Dividend reinvestment plan re-activated during F19

Outlook

- TWE reiterates guidance for F20 reported EBIT margin growth of approximately 15% to 20%²⁰
- F20 full year underlying cash conversion to be broadly in line with F19; 80% cash conversion target remains appropriate over the long term

¹⁶ 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

¹⁷ Unless otherwise stated, all percentage or dollar movements from prior periods contained in the Profit report are pre-material items on a constant currency basis and are subject to rounding

¹⁸ Net debt has been reduced by \$12.1m (F18: \$12.7m increase) to reflect fair value hedges on a portion of US Private Placement notes

¹⁹ TWE targets a dividend payout ratio of between 55%-70% of Net Profit After Tax (pre-material items and SGARA) over a fiscal year

²⁰ Assuming no material changes due to vintage or foreign exchange movements. Does not include impacts from the application of AASB16 Leases or one-off charges of approximately \$35m associated with the expansion of Luxury winemaking infrastructure in South Australia

**Revenue by region**

A\$m	F19	F18	%	F18	%
		Reported currency		Constant currency	
Net Sales Revenue					
ANZ	602.3	598.7	0.6%	598.8	0.6%
Asia	748.9	547.6	36.8%	552.2	35.6%
Americas	1,134.4	961.8	17.9%	1,037.4	9.4%
Europe	346.0	320.9	7.8%	331.4	4.4%
Total sales revenue	2,831.6	2,429.0	16.6%	2,519.8	12.4%
Other revenue	51.4	67.4	(23.7)%	69.0	(25.5)%
Total Revenue	2,883.0	2,496.4	15.5%	2,588.8	11.4%

Revenue

- Net Sales Revenue increased 12.4%. Volume grew 2.7% and NSR per case was up 9.5%, driven by strong sales execution across all regions, portfolio premiumisation and price realisation across Luxury and Masstige brands
- Other revenue reflects gains on sale of assets, offset by the exit of third party distribution and packaging arrangements in New Zealand

Cost of Goods Sold (COGS)

- COGS per case up 8.1%, primarily driven by portfolio premiumisation. Higher prices of Australian Commercial wine also increasing COGS, partly offset by supply chain optimisation savings in Australia

Cost of Doing Business (CODB)

- CODB up 2.3% to \$559.5m, largely due to investment in brands and organisational capability in Asia, moving to a direct sales model in the US and one-off costs associated with Simplify for Growth initiatives
- CODB margin improved by 1.9ppts, reflecting strong revenue growth, business simplification and continued cost discipline

Corporate costs

- Corporate costs up \$3.8m to \$57.4m, driven by establishment costs in relation to the Global Business Services function

EBITS by region

A\$m	F19	F18	%	F18	%
		Reported currency		Constant currency	
ANZ	156.5	136.1	15.0%	133.8	17.0%
Asia	293.5	205.2	43.0%	197.4	48.7%
Americas	218.7	193.0	13.3%	214.9	1.8%
Europe	51.4	49.5	3.8%	52.8	(2.7)%
Corporate	(57.4)	(53.6)	(7.1)%	(53.6)	(7.1)%
TWE EBITs	662.7	530.2	25.0%	545.3	21.5%

EBITS

- EBITS of \$662.7m, up 25.0% on a reported basis and up 21.5% on a constant currency basis, principally driven by premiumisation and strong global earnings momentum
- EBITS margin up 1.8ppts to 23.4%, a step closer on TWE's journey to 25% and beyond

SGARA

- SGARA loss of \$19.7m (\$4.6m higher than pcp) driven by the Californian vintage loss and unwinding of 2017 Australian gain; partially offset by the unwinding of prior vintage losses

Net finance costs

- Increased net finance costs are principally driven by higher average borrowings following the on-market share buy-back in F18 and undrawn commitment fees on bilateral debt facilities

Tax expense

- The higher tax expense in F19 predominantly reflects an increase in earnings in Australia and Asia
- Effective tax rate in F19 of 29.0% is higher than the prior year as a result of the prior year including a one-off tax benefit in the US following the enactment of the US Tax Cuts and Jobs Act. The effective tax rate also reflects the increase in the growth of earnings in Australia and Asia

Net profit after tax (NPAT)

- NPAT before material items \$419.5m, up 11.5%, driven by higher EBITs, partially offset by higher SGARA loss, increased net finance costs and higher tax expense

Earnings Per Share (EPS)

- EPS (before SGARA and material items) increased 12.9% to 60.4cps. Reported basic EPS increased 14.3% to 58.4cps

Balance Sheet (condensed)²¹

A\$m	F19	F18
Cash & cash equivalents	401.8	89.4
Receivables	662.0	593.3
Current inventories	1,024.0	1,012.3
Non-current inventories	1,068.9	952.1
Property, plant & equipment	1,398.7	1,416.5
Agricultural assets	29.4	41.3
Intangibles	1,163.8	1,128.9
Tax assets	152.3	154.5
Assets held for sale	78.3	45.2
Other assets	21.0	12.2
Total assets	6,000.2	5,445.7
Payables	780.7	759.3
Borrowings	1,165.1	879.6
Tax liabilities	289.5	245.3
Provisions	50.2	49.4
Other liabilities	8.6	15.8
Total liabilities	2,294.1	1,949.4
Net assets	3,706.1	3,496.3

Balance sheet movements as at 30 June 2019

Net assets up \$209.8m to \$3,706.1m, principally driven by an increase in cash and non-current inventory, partially offset by increased borrowings. Adjusting for movements in foreign exchange rate movements, net assets increased by \$136.4m

Working Capital

Higher working capital relative to 30 June 2018, reflecting:

- Total inventory which increased by \$128.5m in F19 to \$2,092.9m, reflecting the intake of high quality, high volume vintages in Australia and California and the impact of foreign exchange translation on US inventory

Luxury inventory increased 11.1% to \$1,230.4m:

- Premiumisation of inventory mix, through increasing Luxury availability, remains a priority
- The very strong and high quality 2019 Australian Luxury vintage saw intake up 10% on the prior year, supported by TWE's multi-regional sourcing strategy
- 2017 Australian vintage will commence release in F20
- Payables slightly above the prior year, reflecting TWE's disciplined approach to managing its cost base
- Receivables grew 11.6% in F19, driven by strong top-line growth, with NSR up 16.6% in the year

Property, Plant & Equipment

Property, Plant & Equipment decreased \$17.8m to \$1,398.7m reflecting depreciation, disposal of assets and increase in assets held for sale, partly offset by vineyard and winemaking investments in Australia and the US

Agricultural assets

Agricultural assets at 30 June 2019 represent the market value of unharvested grapes prior to the 2019 US vintage. Decline in the year reflects the sale of surplus assets in the US and fair market value adjustments

Intangibles

Adjusting for foreign currency movements, intangible assets increased by \$12.5m, principally reflecting investment in IT systems supporting Simplify for Growth initiatives, offset by amortisation expense

Provisions

Provisions balance broadly in line with pcp

Tax and other assets

Increase in net tax liabilities principally relates to increased profitability across all regions, particularly ANZ and Asia

Assets held for sale

Increase in assets held for sale relates to surplus supply assets in the US

Net Borrowings²²

Net Borrowings decreased \$51.8m to \$750.5m, driven by positive Group cash flow, offset by increased term borrowings following establishment of the US\$350m syndicated facility and unfavourable currency translation on US\$ denominated borrowings

Balance sheet leverage

Net debt / EBITDAS of 1.7x (adjusted for operating leases) and interest cover of 12.8x

Funding structure

At 30 June 2019, TWE had committed debt facilities totalling approximately \$1.9bn, comprising;

- Drawn bank facilities of \$499.6m and \$571.0m of US Private Placement notes
- Undrawn committed, bilateral debt facilities totalling \$821.1m

Weighted average term to maturity of committed facilities 4.6 years

²¹ Unless otherwise stated, balance sheet percentage or dollar movements from the previous period are on a reported currency basis

²² Borrowings have been reduced by \$12.1m (F18: \$12.7m increase) to reflect fair value hedges on a portion of US Private Placement notes

Cash flow – reconciliation of net debt²³

A\$m (unless otherwise stated)	F19	F18
EBITDAS	765.7	627.7
Change in working capital	(170.2)	(177.1)
Other items	(14.8)	(23.8)
Net operating cash flows before financing costs, tax & material items	580.7	426.8
Cash conversion	75.8%	68.0%
Capital expenditure	(159.8)	(215.4)
Net investment proceeds	101.6	50.1
Cash flows after net capital expenditure, before financing costs, tax & material items	522.5	261.5
Net interest paid	(51.1)	(29.3)
Tax paid	(112.5)	(93.7)
Cash flows before dividends & material items	358.9	138.5
Dividends/distributions paid	(244.7)	(203.7)
Cash flows after dividends before material items	114.2	(65.2)
Material item cash flows	(1.5)	(8.1)
On-market share buyback	-	(300.0)
On-market share purchases	(16.6)	(42.9)
Total cash flows from activities	96.1	(416.2)
Opening net debt	(802.3)	(354.8)
Total cash flows from activities (above)	96.1	(416.2)
Debt revaluation and foreign exchange movements	(44.3)	(31.3)
Decrease / (Increase) in net debt	51.8	(447.5)
Closing net debt	(750.5)	(802.3)

Movement in net debt

Net debt decreased \$51.8m to \$750.5m. Drivers of the movement in net debt included:

EBITDAS

EBITDAS increased \$138.0m on a reported currency basis driven by premiumisation and strong global earnings momentum, partially offset by increased COGS and CODB

Movement in working capital²⁴

Net working capital outflow driven by:

- Increased inventory reflecting the intake of high quality, high volume vintages in Australia and California and the impact of foreign exchange translation on US inventory
- Higher receivables of 11.6%, driven by strong top-line growth with NSR up 16.6% in the year
- Payables slightly above the prior year, reflecting TWE's disciplined approach to managing its cost base

Other items

Other items reflects movements in provisions and profit on sale of assets

Capital expenditure

Capital expenditure (capex) of \$159.8m comprising:

- Maintenance & Replacement capex of \$132.1m
- Growth capex including vineyard acquisitions and IT investments of \$27.7m

In F20, Maintenance and Replacement capex is expected to be in the range of \$100m to \$110m, with growth capex of up to \$135m including investment in assets supporting premiumisation

Net investment proceeds

Net investment proceeds reflects receipts from the sale of surplus supply assets, notably in the US, and oak barrels for sale and leaseback

Net interest paid

Increased net interest paid driven by higher average borrowings following the on-market share buy-back in F18, and increased committed debt facilities

Dividends paid

Increase in dividends paid reflects F19 interim dividend of 18 cents per share and F18 final dividend of 17 cents per share, representing an increase of 20.1% relative to pcp

Tax paid

Increase in tax paid predominantly reflects increased profits in respect of the Australian operations

On-market share purchases

Reduction in on-market share purchases reflects vesting of shares under TWE's Long Term Incentive Plans being delivered in F19 via a combination of new shares issued and shares purchased on-market

Exchange rate impact

Lower period-end exchange rates used to revalue foreign currency borrowings and cash as at 30 June 2019 increased net debt by \$44.3m

Cash conversion

Cash conversion of 75.8% was above the guided 60-70% range, a result of cycling through route-to-market changes and an improved sales order profile in the US, and efficient inventory management for the 2019 Australian vintage. Excluding TWE's investment in non-current Luxury and Masstige inventory, which will be released in future years to support continued earnings growth, cash conversion was 92.4%

²³ Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis

²⁴ Change in working capital reflects operating cash flow movements

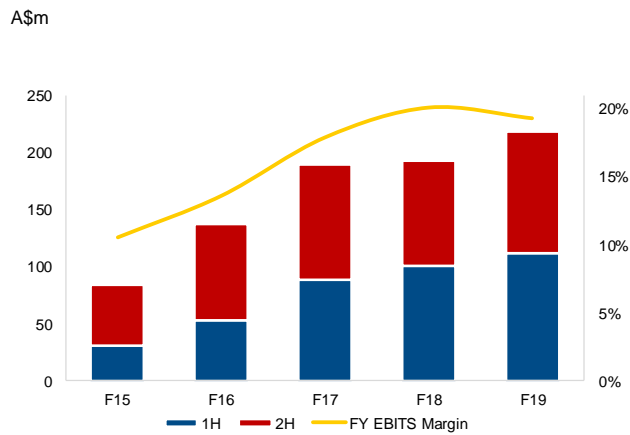
Regional Summaries

Americas

Financial performance

A\$m	F19	F18	%	F18	%
	Reported currency			Constant currency	
NSR (A\$m)	1,134.4	961.8	17.9%	1,037.4	9.4%
NSR per case (A\$)	80.87	70.43	14.8%	75.96	6.5%
EBITS (A\$m)	218.7	193.0	13.3%	214.9	1.8%
EBITS margin (%)	19.3%	20.1%	(0.8)ppts	20.7%	(1.4)ppts

Historical EBITs and EBITs margin*



* Chart presented on a reported currency basis

Business performance

- Shipments were lower than depletions in F19; Luxury and Masstige depletions were up 9% in the year
- NSR growth of 9.4% was driven by:
 - Higher volume of 2.7%, reflecting positive momentum in the first full financial year operating under the new route-to-market model
 - NSR per case grew 6.5% led by strong portfolio premiumisation and the overall benefits from the route-to-market changes in the US, offset by increased discounting in the US market, particularly in the Commercial portfolio
- COGS per case increased due to improved portfolio mix, higher logistics costs in the direct distribution states under the new route-to-market model and the ongoing impact of lower yielding, high quality vintages, notably across leased vineyards
- Higher overheads were incurred above the line in F19 to support transition to the new route-to-market model, with the removal of transitional overheads having commenced in 2H19
- EBITS growth delivered in Canada and Latin America
- Regional EBITs grew 1.8% to \$218.7m with improved operating leverage under the new route-to-market model partly offset by price impacts in response to competitor discounting and transitional route-to-market overheads
- EBITS margin declined 1.4ppts to 19.3%, an improvement of 0.8% on 1H19

Americas regional perspectives

- Luxury and Masstige segments of the US wine market continue to exhibit strong growth, with Commercial segment declines (excluding bag in box) driven by increasing retailer focus on private label and aggressive competitor discounting
- TWE continues to focus on growing its Luxury and Masstige portfolios, having proactively exited lower margin Commercial volumes in previous years, ahead of other players
- Growth momentum across the Luxury and Masstige portfolio led by Stags' Leap, Beringer Luxury, BV, Penfolds, 19 Crimes, Matua, The Stag and Beringer Brothers
- TWE is pleased with its performance to date in the US following transformational route-to-market changes:
 - Building collaborative, long-term relationships with distributor and retail partners focused on expanding availability and distribution, complemented by the activation of consumer led pull through programs
 - Improving broad market availability and growing points of distribution remain an ongoing priority
 - Cost base and organisational efficiency to improve over time
- Future growth to come from improved execution, improved availability in the broad market and increased focus on premiumisation; EBITs margin accretion expected from F20 onwards

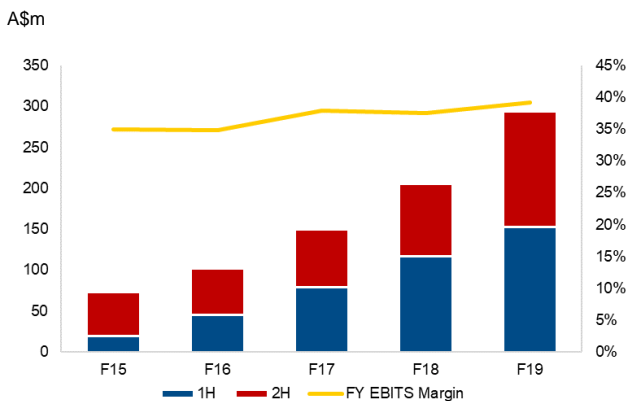
Regional Summaries

Asia

Financial performance

A\$m	F19	F18	%	F18	%
	Reported currency			Constant currency	
NSR (A\$m)	748.9	547.6	36.8%	552.2	35.6%
NSR per case (A\$)	161.19	125.93	28.0%	126.99	26.9%
EBITS (A\$m)	293.5	205.2	43.0%	197.4	48.7%
EBITS margin (%)	39.2%	37.5%	1.7ppts	35.7%	3.5ppts

Historical EBITs and EBITs margin*



* Chart presented on a reported currency basis

Business performance

- Strong growth delivered through outstanding execution across all major markets
- Continued top-line momentum with NSR up 35.6%, supported by:
 - Increased availability of Luxury and Masstige wine
 - Price realisation across the region on several brands
 - Strengthening of key strategic partnerships that are driving breadth and depth of distribution throughout the region
 - Growth rates weighted to 2H19, reflecting the allocation of Luxury wine and a more balanced sales profile for Rawson's Retreat through the year
- Record depletions achieved in F19, and forward days of inventory cover remain broadly in line with the prior year²⁵
- Execution of the multiple country of origin (COO) portfolio strategy continues to strengthen, with Australian and French brand NSR up 44% and 38% respectively in F19²⁶
- NSR per case up 26.9%, driven by mix improvement, price realisation in the Luxury and Masstige segments and the exit of lower margin Commercial volumes in SEAMEA in 1Q19
- Higher CODB reflects proactive, ongoing investment in the region:
 - Higher investment to support future brand growth and portfolio expansion, with the launch of Lot 518 a highlight in F19
 - Investment in sales, marketing and support functions continuing to deliver step change in organisational capability
 - Despite the higher CODB, strong NSR growth drove lower CODB margin in F19
- EBITs up 48.7% to \$293.5m, with margin accretion of 3.5ppts to 39.2% delivered

Asian regional perspectives

- Fundamentals of the Asian wine market remain attractive; consumption continues to grow, particularly at premium price points
- TWE's route-to-market, focused on self-distribution, provides a key competitive advantage to maintaining growth momentum across the region through changing macro-economic cycles
- Growing a portfolio of strong brands from multiple COO's remains a priority for TWE throughout the region; TWE is currently delivering growth across its Australian and French COO portfolios and momentum for US brands is expected to return once the US / China trade relationship improves
- TWE sees tremendous opportunity to continue growing market share from the current sub 5% level by working closely with its wholesale and retail partners
- 35%+ EBITs margin guidance maintained for F20 and beyond

²⁵ Excludes first year impact of new product launches

²⁶ French brand portfolio growth includes third party distributed brands

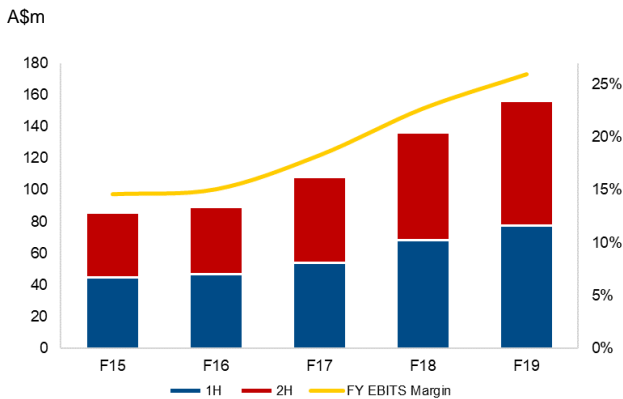
Regional Summaries

Australia & New Zealand (ANZ)

Financial performance

A\$m	F19	F18	%	F18	%
	Reported currency			Constant currency	
NSR (A\$m)	602.3	598.7	0.6%	598.8	0.6%
NSR per case (A\$)	75.89	75.47	0.6%	75.49	0.5%
EBITS (A\$m)	156.5	136.1	15.0%	133.8	17.0%
EBITS margin (%)	26.0%	22.7%	3.3ppts	22.3%	3.7ppts

Historical EBITs and EBITs margin*



* Chart presented on a reported currency basis

Business performance

- NSR grew 0.6% in F19, driven by:
 - Positive top-line performance in Australia where NSR increased 3.1%, led by Masstige and lower Luxury portfolio growth, positive collaboration with key retail partners and gains in the on-premise channel
 - Volume and NSR declines in New Zealand were due to the transitional impacts of the change to a distributor model in 1H18. New Zealand depletions grew approximately 10% in F19 with further growth anticipated in F20
- NSR per case increased 1.2% in Australia through improved portfolio mix, including strong growth from 19 Crimes, Squealing Pig, Seppelt, The Stag and T'Gallant
- Higher gross margin reflects portfolio mix improvement, with COGS per case benefitting from continued realisation of Supply Chain savings across the Luxury portfolio, partly offset by short term cost pressure on Australian sourced Commercial wine. Vintage 19 Commercial COGS pressures to impact F20
- Improved CODB margin reflects ongoing focus and discipline around cost management
- EBITs increased 17.0% to \$156.5m, with EBITs margin improving 3.7ppt to 26.0%

ANZ regional perspectives

- Australian wine market volume remains flat, with value growth being driven by premiumisation
- TWE maintains its aspirational 25% market share target, to be achieved through prioritising growth across the Luxury and Masstige portfolios; 22% value share in F19²⁷
- TWE has strong and collaborative relationships with strategic customers, supported by well-established joint business planning processes
- Maintaining greater focus in the on-premise category remains a priority, and TWE continues to improve performance through category growth initiatives such as Wine on Tap
- Continue to focus on maintaining 25%+ EBITs margin in F20, with higher Commercial COGS from the Australian 2019 vintage to be managed

²⁷ Aztec Sales Value Data, bottled and canned wine only, Australia Liquor Weighted, Scan 52 weeks to 23 June 2019

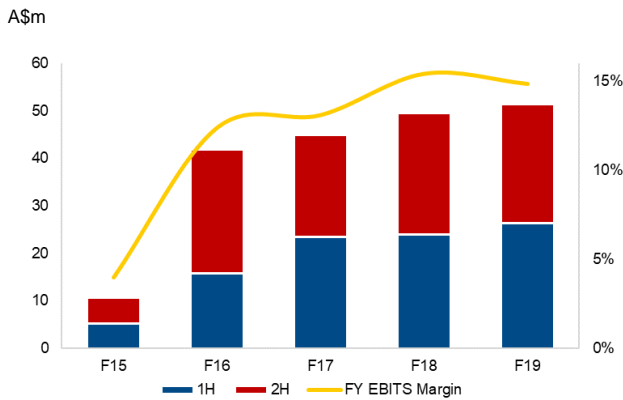
Regional Summaries

Europe

Financial performance

A\$m	F19	F18	%	F18	%
	Reported currency			Constant currency	
NSR (A\$m)	346.0	320.9	7.8%	331.4	4.4%
NSR per case (A\$)	38.93	37.16	4.8%	38.37	1.5%
EBITS (A\$m)	51.4	49.5	3.8%	52.8	(2.7)%
EBITS margin (%)	14.9%	15.4%	(0.5)ppts	15.9%	(1.0)ppts

Historical EBITs and EBITs margin*



* Chart presented on a reported currency basis

Business performance

- Volume and NSR growth achieved in F19, up 2.9% and 4.4% respectively, with strong momentum across the Masstige portfolio in key regional markets including Continental Europe and the Nordics
- NSR per case 1.5% higher, driven by continued Masstige led portfolio premiumisation
- Unfavourable COGS per case reflects pricing pressure on Australian and US sourced Commercial wine
- Flat CODB reflects a disciplined approach to brand building investment and cost management
- Mid-teens EBITs margin maintained at 14.9%

Europe regional perspectives

- Overall UK wine market conditions remain challenging, however the strong trend to premiumisation has continued over the past year with Masstige volume growth approximately 9% compared to Commercial declines of approximately 7%²⁸
- Strong partnerships with key European retailers are key to delivering growth ahead of the market; focus continues to be on joint business planning and winning in store
- Continued prioritisation of key markets (UK, Sweden and the Netherlands) and a focused portfolio of brands is delivering success
- Priority to maintain mid-teen EBITs margin in F20, with benefits of premiumisation and additional cost efficiency to be offset by impacts on Australian Commercial sourced COGS

²⁸ Nielsen, Total Coverage, Total Still Light Wine, 52 weeks ending 15 June 2019 (750ml bottled still wine only)



Vintage update

California

After a wet winter across much of California, the grape growing season has been relatively mild thus far. Canopy growth is strong in response to the wet winter, yet flowering conditions in V19 were cool and wet for early varieties, such as Chardonnay and Pinot Noir in Coastal regions and some berry set impact is expected for these specific varieties. Other late varieties, including Cabernet and red blenders in Napa, Sonoma and the Central Coast are healthy in crop load and canopy growth, in response to favourable flowering and growing conditions. Overall, forecast grape tonnage may be slightly below V18, given it was a large vintage, however if moderate conditions continue through to harvest then quality is expected to be high.

Australia

The 2019 harvest compares favourably with 2018, with TWE delivering around 10% incremental growth in volume across its Luxury wine portfolio. This is despite some central regions experiencing early season frosts, hail and intense heat in late January which resulted in significant yield reductions in the Barossa Valley in particular. The impact of the lower yields in central regions were partially offset by the exceptional quality of the fruit received which will fulfil demand for super Luxury wines. The Limestone Coast experienced a slightly cooler growing season and has as a result delivered high volumes of high quality fruit that more than offset the lower intake from the Barossa and McLaren Vale. Irrigated region commercial wine and fruit intake was in line with expectations for both quality and quantity.

New Zealand

2019 delivered a vintage of strong quality albeit with slightly lower yields than 2018. With two wet vintages in 2017 and 2018, the 2019 vintage pleasingly delivered a high-quality harvest with great concentration and flavour. Sauvignon Blanc and Pinot Noir have great varietal concentration, testament to the warm dry growing season. In Marlborough, Sauvignon Blanc yield was slightly down and lower than average crops of Pinot Noir and Pinot Gris were picked. Pinot Noir from Central Otago produced a crop of exceptional quality.

Appendix 1: Impact of AASB 16 Leases

TWE will adopt AASB 16 Leases in F20, and apply the requirements on a fully retrospective basis. This appendix restates for the impact of AASB 16 on the Group's Profit and Loss Statement, Balance Sheet, Cash Flow Statement and other key metrics, had the standard been applicable for F17, F18 and F19.

Profit & Loss

\$Am (unless otherwise stated)	Note	F17			F18			F19		
		Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Adjustment	Restated
Net sales revenue		2,401.7	-	2,401.7	2,429.0	-	2,429.0	2,831.6	-	2,831.6
NSR per case (\$)		65.96	-	65.96	70.25	-	70.25	79.77	-	79.77
Other Revenue		132.5	-	132.5	67.4	-	67.4	51.4	-	51.4
Cost of goods sold	1	(1,568.3)	5.1	(1,563.2)	(1,435.6)	9.8	(1,425.8)	(1,660.8)	15.2	(1,645.6)
Cost of goods sold per case (\$)		43.07	(0.14)	42.93	41.52	(0.28)	41.24	46.79	(0.43)	46.36
Gross profit		965.9	5.1	971.0	1,060.8	9.8	1,070.6	1,222.2	15.2	1,237.4
Gross profit margin (% of NSR)		40.2%	0.2%	40.4%	43.7%	0.4%	44.1%	43.2%	0.5%	43.7%
Cost of doing business	2	(510.8)	3.4	(507.4)	(530.6)	4.1	(526.5)	(559.5)	3.5	(556.0)
Cost of doing business margin (% of NSR)		21.3%	(0.2)%	21.1%	21.8%	(0.1)%	21.7%	19.8%	(0.2)%	19.6%
EBITS		455.1	8.5	463.6	530.2	13.9	544.1	662.7	18.7	681.4
EBITS margin (%)		19.0%	0.3%	19.3%	21.8%	0.6%	22.4%	23.4%	0.7%	24.1%
SGARA		(5.7)	-	(5.7)	(15.1)	-	(15.1)	(19.7)	-	(19.7)
EBIT		449.4	8.5	457.9	515.1	13.9	529.0	643.0	18.7	661.7
Net finance costs	3	(27.1)	(31.8)	(58.9)	(33.4)	(30.5)	(63.9)	(52.0)	(33.7)	(85.7)
Tax expense	4	(130.4)	9.0	(121.4)	(116.7)	(3.0)	(119.7)	(171.5)	3.8	(167.7)
Net profit after tax (before material items)		291.9	(14.3)	277.6	365.0	(19.6)	345.4	419.5	(11.2)	408.3
Material items (after tax)		(22.0)	-	(22.0)	(4.6)	-	(4.6)	-	-	-
Non-controlling interests		(0.8)	-	(0.8)	(0.1)	-	(0.1)	-	-	-
Net profit after tax		269.1	(14.3)	254.8	360.3	(19.6)	340.7	419.5	(11.2)	408.3
Reported EPS (A€)		36.5	(1.9)	34.6	49.7	(2.8)	46.9	58.4	(1.6)	56.8
Net profit after tax (before material items and SGARA)		293.4	(14.3)	279.1	376.0	(19.6)	356.4	433.8	(11.2)	422.6
EPS (before material items and SGARA) (A€)		39.8	(1.9)	37.9	51.8	(2.7)	49.1	60.4	(1.6)	58.8
Average no. of shares (m)		736.8	-	736.8	725.7	-	725.7	718.4	-	718.4
Dividend (A€)		26.0	-	26.0	32.0	-	32.0	38.0	-	38.0

- COGS reduction reflects lower production asset related lease costs (vineyard right of use depreciation charge under AASB 16 is lower than operating lease expense previously recognised). The value of this adjustment increases from F17 to F19 due to the profile of leases on foot during that period, and the timing of the impact on COGS in line with the sale of inventory. In particular this adjustment includes the impact of Diageo leases acquired in F16 and their subsequent recognition in inventory and COGS
- CODB reduction due to the depreciation charge on non-production leases being lower than straight-line operating lease expense previously recognised
- Net finance costs increase to reflect interest expense on the lease liability
- Tax expense reflects the tax effect of the above adjustments

Regional Impact

The Group has operating leases for vineyards, buildings, equipment and motor vehicles across all operating regions and the impact for each of these regions will change as AASB 16 replaces the straight-line operating expense with a depreciation charge on these new right of use assets. The impact on EBITs is set out below. There is no impact on NSR.

EBITS A\$m	F17			F18			F19		
	Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Adjustment	Restated
ANZ	111.1	1.1	112.2	136.1	1.4	137.5	156.5	1.5	158.0
Asia	150.1	0.7	150.8	205.2	0.7	205.9	293.5	1.0	294.5
Americas	196.0	5.2	201.2	193.0	10.3	203.3	218.7	15.0	233.7
Europe	41.0	0.3	41.3	49.5	0.4	49.9	51.4	0.4	51.8
Corporate	(43.1)	1.2	(41.9)	(53.6)	1.2	(52.4)	(57.4)	0.8	(56.6)
TWE EBITs	455.1	8.5	463.6	530.2	13.9	544.1	662.7	18.7	681.4

EBITS Margin %	F17			F18			F19		
	Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Adjustment	Restated
ANZ	18.8%	0.2%	19.0%	22.7%	0.2%	23.0%	26.0%	0.3%	26.2%
Asia	38.1%	0.2%	38.2%	37.5%	0.1%	37.6%	39.2%	0.1%	39.3%
Americas	18.1%	0.5%	18.6%	20.1%	1.1%	21.1%	19.3%	1.3%	20.6%
Europe	12.3%	0.1%	12.4%	15.4%	0.1%	15.5%	14.9%	0.1%	15.0%
TWE EBITs Margin	18.9%	0.4%	19.3%	21.8%	0.6%	22.4%	23.4%	0.7%	24.1%

Balance Sheet

A\$m	Notes	F17			F18			F19		
		Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Adjustment	Restated
Cash & cash equivalents		240.8	-	240.8	89.4	-	89.4	401.8	-	401.8
Receivables		607.9	-	607.9	593.3	-	593.3	662.0	-	662.0
Current inventories	1	947.9	(30.2)	917.7	1,012.3	(39.3)	973.0	1,024.0	(45.2)	978.8
Non-current inventories		763.9	-	763.9	952.1	-	952.1	1,068.9	-	1,068.9
Property, plant & equipment	2	1,328.5	417.6	1,746.1	1,416.5	425.3	1,841.8	1,398.7	507.1	1,905.8
Agricultural assets		37.7	-	37.7	41.3	-	41.3	29.4	-	29.4
Intangibles		1,095.8	-	1,095.8	1,128.9	-	1,128.9	1,163.8	-	1,163.8
Tax assets	3	208.0	25.6	233.6	154.5	23.3	177.8	152.3	28.6	180.9
Assets held for sale		36.0	-	36.0	45.2	-	45.2	78.3	-	78.3
Other assets		12.8	-	12.8	12.2	-	12.2	21.0	-	21.0
Total assets		5,279.3	413.0	5,692.3	5,445.7	409.3	5,855.0	6,000.2	490.5	6,490.7
Payables	4	719.9	(65.4)	654.5	759.3	(62.8)	696.5	780.7	(62.1)	718.6
Borrowings	5	600.5	515.5	1,116.0	879.6	534.5	1,414.1	1,165.1	629.4	1,794.5
Tax liabilities		285.0	-	285.0	245.3	-	245.3	289.5	-	289.5
Provisions		64.8	-	64.8	49.4	-	49.4	50.2	(2.1)	48.1
Other liabilities		0.6	-	0.6	15.8	-	15.8	8.6	-	8.6
Total liabilities		1,670.8	450.1	2,120.9	1,949.4	471.7	2,421.1	2,294.1	565.2	2,859.3
Net assets		3,608.5	(37.1)	3,571.4	3,496.3	(62.4)	3,433.9	3,706.1	(74.7)	3,631.4

- Inventories decrease is due to lower production asset related overhead costs (right of use depreciation charge under AASB 16 is lower than operating lease expense previously recognised, noting that these costs are recognised as part of the cost of inventory)
- Property, plant and equipment increases due to right of use assets being recognised on the balance sheet at the present value of contracted future cash flows
- Deferred tax asset relates to the tax effect of the new lease liability and the deferred tax liability relates to the tax effect of the new right of use assets
- Payables decrease represents removal of valuation adjustments to leases, including straight line operating leases
- Borrowings increase represents the lease liability associated with the right of use asset. This liability is valued at the discounted future minimum lease payments



Cash Flow

A\$m (unless otherwise stated)	Notes	F17			F18			F19		
		Pre AASB 16	Adjustment	Post AASB 16	Pre AASB 16	Adjustment	Post AASB 16	Pre AASB 16	Adjustment	Post AASB 16
EBITDAS	1	563.4	55.2	618.6	627.7	63.9	691.6	765.7	77.6	843.3
Change in working capital	2	(67.4)	13.2	(54.2)	(177.1)	7.4	(169.7)	(170.2)	3.9	(166.3)
Other items		(23.5)	-	(23.5)	(23.8)	-	(23.8)	(14.8)	-	(14.8)
Net operating cash flows before financing costs, tax & material items		472.5	68.4	540.9	426.8	71.3	498.1	580.7	81.5	662.2
Cash conversion		83.9%	3.6%	87.4%	68.0%	4.0%	72.0%	75.8%	2.7%	78.5%
Capital expenditure		(210.4)	-	(210.4)	(215.4)	-	(215.4)	(159.8)	-	(159.8)
Net investment expenditure/other		50.9	-	50.9	50.1	-	50.1	101.6	-	101.6
Cash flows after net capital expenditure, before financing costs, tax & material items		313.0	68.4	381.4	261.5	71.3	332.8	522.5	81.5	604.0
Net interest paid	3	(24.5)	(31.8)	(56.3)	(29.3)	(30.5)	(59.8)	(51.1)	(33.7)	(84.8)
Tax paid		(32.0)	-	(32.0)	(93.7)	-	(93.7)	(112.5)	-	(112.5)
Cash flows before dividends & material items		256.5	36.6	293.1	138.5	40.8	179.3	358.9	47.8	406.7
Dividends/distributions paid		(184.6)	-	(184.6)	(203.7)	-	(203.7)	(244.7)	-	(244.7)
Cash flows after dividends before material items		71.9	36.6	108.5	(65.2)	40.8	(24.4)	114.2	47.8	162.0
Material item cash flows		(3.9)	-	(3.9)	(8.1)	-	(8.1)	(1.5)	-	(1.5)
On-market share buyback		-	-	-	(300.0)	-	(300.0)	-	-	-
On-market share purchases		(65.9)	-	(65.9)	(42.9)	-	(42.9)	(16.6)	-	(16.6)
Total cash flows from activities (before debt)		2.1	36.6	38.7	(416.2)	40.8	(375.4)	96.1	47.8	143.9
Proceeds from borrowings (including derivatives)		385.1	-	385.1	482.0	-	482.0	707.6	-	707.6
Repayment of borrowings	4	(387.3)	(36.6)	(423.9)	(215.3)	(40.8)	(256.1)	(492.2)	(47.8)	(540.0)
Total cash flows from activities		(0.1)	-	(0.1)	(149.6)	-	(149.6)	311.5	-	311.5
Opening net debt		(365.0)	(545.1)	(910.1)	(354.8)	(515.5)	(870.3)	(802.3)	(534.5)	(1,336.8)
Total cash flows from activities (above)		2.1	36.6	38.7	(416.2)	40.8	(375.4)	96.1	47.8	143.9
Proceeds from settlement of derivatives		0.6	-	0.6	-	-	-	-	-	-
Lease liability additions	5	-	(21.7)	(21.7)	-	(39.3)	(39.3)	-	(119.4)	(119.4)
Net debt acquired		-	-	-	-	-	-	-	-	-
Debt revaluation and foreign exchange movements	6	7.5	14.7	22.2	(31.3)	(20.5)	(51.8)	(44.3)	(23.3)	(67.6)
Increase in net debt		10.2	29.6	39.8	(447.5)	(19.0)	(466.5)	51.8	(94.9)	(43.1)
Closing net debt		(354.8)	(515.5)	(870.3)	(802.3)	(534.5)	(1,336.8)	(750.5)	(629.4)	(1,379.9)

1. EBITDAS increase reflects higher EBITs (see above) and removal of depreciation
2. Adjustment relates predominantly to the change in inventory and payables per the Balance Sheet
3. Net Interest Paid increase to reflect interest expense on the lease liability
4. Repayment of borrowings reflects the portion of lease payments attributable to the repayment of principal
5. Lease additions resulting from entry into new arrangements, renewal of existing arrangements and contracted rental escalations
6. Currency translation adjustments reflect impact on incremental lease liabilities