



TREASURY WINE ESTATES

16 October 2019

ASX ANNOUNCEMENT

Treasury Wine Estates Limited 2019 Annual General Meeting

Treasury Wine Estates Limited (ASX:TWE) will today address shareholders at its Annual General Meeting to be held in Melbourne and San Francisco, commencing at 9:30am Australian Eastern Daylight Time (3:30pm Pacific Daylight Time on Tuesday 15 October 2019).

Attached is a copy of the address to be delivered by the Chairman, Paul Rayner and the address to be delivered by the Chief Executive Officer, Michael Clarke.

A live webcast of the Annual General Meeting can be viewed at www.tweglobal.com. An archive of proceedings will also be available from the website.

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2019 Annual General Meeting

Chairman's Address – Paul Rayner

I am thrilled to share that in fiscal 2019, Treasury Wine Estates delivered yet another year of high-quality financial results, affirming our commitment to delivering against our Company strategy, as the world's only truly global wine business.

The positive momentum in our Company continued. Our ongoing focus on premiumisation, our competitively advantaged business models, our collaborative customer partnerships and the exceptional execution by our global team all combined to deliver strong growth, even in the face of some challenges during the financial year in the industry and the macro-economic landscape.

Our Chief Executive Officer, Michael Clarke, will share more details shortly about the Company's financial results. Particularly pleasing was the contribution of all regions to our results, as well as the growth of our Luxury and Masstige portfolio of brands. Critical progress was also made throughout the year on a number of important strategic initiatives. Highlights included our Americas region operating under its new route-to-market model in the United States for the full financial year, as well as continuing to optimise our routes-to-market in Asia, and particularly in China, where we focus on distribution through our own local team, and directly manage relationships with our wholesale and retail partners, setting us apart from other players in the market.

As has been the case in previous years, our diverse portfolio of brands continued to drive growth and gain recognition on the world stage.



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Penfolds was again recognised as the World's Most Admired Brand in 2019 by *Drinks International*, while 19 Crimes earned 'Hot Brand' status for the third consecutive year from *Impact* magazine in the US for its sustained market success.

TWE's *Living Wine Labels* augmented reality app went from strength to strength in fiscal 19, surpassing four million downloads globally. Available in multiple languages and markets around the world, *Living Wine Labels* brings interactive brand experiences to life across a range of the Company's wine labels, including 19 Crimes, Wolf Blass, Matua, Beringer Bros., Maison de Grand Esprit, Penfolds and Squealing Pig. As the first brand to bring augmented reality to wine labels, 19 Crimes was also awarded a GOLD at the 2019 *REGGIE* awards competition in the US, which recognises the best marketing campaigns by brands and agencies.

Our focus on world-class innovation, winemaking and marketing was demonstrated through numerous initiatives across the year. This included the unveiling of plans to bring the best of Napa Valley grapes to the Penfolds stable, crafting Penfolds wine from the California 2018 harvest onward, as well as a unique collaboration with Champagne House Thiénot, in celebration of Penfolds' 175th anniversary.

Wolf Blass continued its proud association with the International Cricket Council Cricket World Cup and the Australian Football League, while Seppelt announced a major partnership with the Melbourne Cup Carnival, and St Huberts The Stag became an official wine partner of The Australian Open 2019.

TWE maintains financial metrics that are consistent with an investment grade credit profile, and the Company's balance sheet continues to be strong, efficient and flexible.



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Given the strong financial result in fiscal 19, TWE was pleased to declare a final dividend of 20 cents per share, fully franked, which brings the total dividend for F19 to 38 cents per share, up 19% on the prior year.

Later in this meeting, shareholders will be asked to consider and vote in favour of a number of items of business, which include:

- the consolidated financial report, the Directors' Report and the Auditor's Report of the Company for the fiscal year ended 30 June 2019;
- the election of Ms Louisa Cheang who was appointed as a Director since the last Annual General Meeting, and the re-election of all other non-executive directors, as Directors of the Company;
- the reinstatement of the proportional takeover provision for a period of three years;
- adoption of the Remuneration Report of the Company for the year ended 30 June 2019; and
- the grant of performance rights to the Chief Executive Officer, Mr Michael Clarke under TWE's Long Term Incentive Plan, reflecting the performance of the Company.

On this, and all matters, I ask for shareholder support.

In fiscal 2019, TWE continued to engage with governments and regulatory bodies across our regions on relevant issues to help ensure the long-term sustainability of the industry. We remain supportive of positive and strong trade relations that help ensure a level playing field in all key export markets for our multi-regionally sourced portfolio of wine.

The Company, of course, remains committed to being sustainable in everything we do. In fiscal 19 we continued to integrate an even greater Environmental, Social and Governance



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(ESG) focus across the business, and delivered against our Corporate Responsibility framework, which is structured on four key pillars of Performance, Planet, People and Product. We proudly published our second annual Sustainability Report in August, which highlights our achievements in this important area, and our concentration on operating sustainably, safely and responsibly.

Knowing that we are part of a universal agenda, our work is informed by relevant best practice initiatives and frameworks including the Global Reporting Initiative, the United Nations Global Compact and the United Nations Sustainable Development Goals. TWE is aligned to seven priority Sustainable Development Goals and remains committed to delivering programs that contribute to their achievement.

TWE's focus on giving back to the communities where we operate was highlighted through the Company's annual Global Volunteering Week, which saw employees from across the business partnering with more than 100 local charities to participate in a range of activities and lend a helping hand.

Looking ahead, TWE is well placed to continue the successful execution of its premiumisation strategy in F20 and beyond.

The 2019 Australian vintage represents another outstanding Luxury intake for TWE, and investments in French production assets to build our French portfolio, as well as Australian Luxury winemaking capacity will support the next phase of the premiumisation journey.



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On behalf of the Board, I would like to thank our people at TWE, led by Michael, for another year of delivering a strong set of results, all the while demonstrating tremendous resilience in a highly competitive environment.

We are extremely proud to have such an outstanding, high-calibre team that is committed to delivering against our strategy.

In closing, I would like to extend my thanks to you, our shareholders for your continued belief, investment and support of TWE.

I'll now hand over to Mike Clarke to provide a more detailed breakdown of business performance over the past financial year and our priorities and focus for 2020.



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2019 Annual General Meeting

Chief Executive Officer's Address – Michael Clarke

Thank you Mr Chairman and welcome to all our shareholders joining us from around the world.

Fiscal 19 was another great year for Treasury Wines Estates. The results reflect the continued momentum in our business which has been delivered through our premiumisation strategy, the disciplined investments we have been making in our business over recent years, and importantly the exceptional execution of our global team, across all regions.

Net Sales Revenue (NSR) increased 17% over the prior year. Pleasingly, on a constant currency basis, this is the strongest organic NSR growth in our history.

Demonstrating the success of our premiumisation strategy, NSR delivered from Luxury and Masstige brands now represents 69% of total NSR, up from 43% when we started this journey five years ago.

Group EBITs increased 25% to \$663 million, delivering a five-year EBITs Compound Annual Growth Rate (CAGR) of 30% and EBITs margin increased 1.6 percentage points to 23.4%, continuing the progress on our journey to a Group EBITs margin of 25% and beyond.

We have delivered growth despite significant operational route-to-market change in the US, and in the context of significant ongoing macro-economic pressures in both China and the US.



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In fiscal 19 we also made significant commitment to invest further to drive Luxury growth through the acquisition of French production and vineyard assets in the Bordeaux region, as we focus on expanding our French country of origin portfolio, and also the announcement of our plans to expand our Luxury winemaking capacity in Australia with a significant investment in our Bilyara winery site in the Barossa. Both of these investments are important steps towards the execution of our growth strategy.

If we look at our five-year performance, premiumisation has been a key driver of our performance, and you can see that NSR for the Luxury and Masstige segments of our portfolio has grown strongly, increasing at a CAGR of 21% between fiscal 15 and fiscal 19, all at the same time as we have been fixing the business.

Looking at EBITs, we have achieved a five-year CAGR of 30%, and Return on Capital Employed has more than doubled. Finally, from a total shareholder perspective, we have delivered a return of more than 300% over the past five years.

Looking ahead, we are focused on a vision of being the world's most celebrated wine company, reflected by our journey statement of "Together we boldly lead change in the world of wine".

I am confident that we have the right team, with the right capability, ambition and culture, in place to deliver on this vision.

The backdrop for our business remains strong, with the wine category remaining attractive in all our priority regions and markets, particularly at the premium end where consumers are trading up and seeking new experiences in wine.



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We are well positioned to continue capitalising on these favourable global trends, led by continued execution of a strategy that is centred on premiumisation through a portfolio of focus brands.

Multi-regional sourcing not only de-risks our supply model, but will drive accelerated premiumisation for TWE. This will be enhanced by our push into French, which remains a significant part of the global wine category, particularly in Asia, and one where we see a tremendous opportunity to replicate our success as a producer of predominantly Australian and Californian wine that is made to a quality standard.

We have previously shared with you details around our competitively advantaged business models, particularly in Asia and the US, as being a key strategic advantage for TWE. Over the past five years, our team has worked diligently to fix and then optimise these regional business models to operate more efficiently and better capitalise on category growth opportunities. This is something we have worked on at the same time as we have been delivering strong growth. As we turn to the next phase of our journey, we are now well placed to take share in all of our regions by leveraging these business models.

A hallmark of our business model is the fact that we are the most self-distributed wine company, globally, focused on continuing to build strong and collaborative direct connections with our retail partners across all of our key markets.

Careful and disciplined management of our value chain has delivered strong profit growth and leading returns for our shareholders - returns which demonstrate that TWE is performing as well as, and in most cases above, any of our peers across the global alcohol beverage sector.



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Finally, sustainability is at the heart of everything we do, across all the pillars of our business. It is these attributes that give us confidence in our ability to continue executing our strategy into the future.

In closing, I'd like to report that we are pleased with our first quarter and we re-affirm our guidance of 15% to 20% reported EBITs growth in fiscal 20.

I'd like to thank you for your attendance today and thank all of our shareholders for their ongoing support.

- ends -

F19 Results Headlines^{1,2,3}

- NSR \$2,831.6m, up 17%; increase of 12% on a constant currency basis represents the strongest organic growth rate in company history⁴
- F19 EBITs \$662.7m, up 25%
- Group EBITs margin of 23.4%, up 1.6 ppts
- NPAT \$419.5m, up 16%
- EPS of 58.4 cents per share, up 18%
- ROCE accretion delivered to 14.9%, up 2.3 ppts
- Cash conversion 75.8%, with Operating Cashflow⁵ increasing by 36%
- F19 full year dividend of 38 cents per share, up 19%, and representing a 62.9% payout ratio⁶

1. Financial information in this report is based on audited 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

2. All figures and calculations are subject to rounding

3. Result Headlines metrics disclosed on a reported currency basis, unless marked otherwise

4. Excludes the impact from the Diageo Wine acquisition in F16

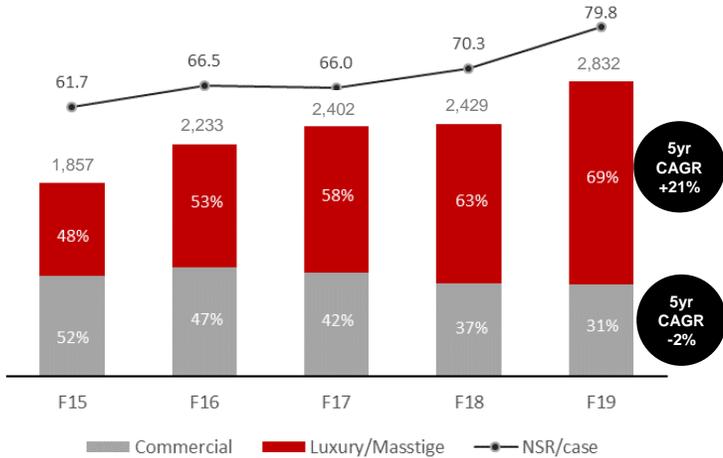
5. Net operating cash flow before financing costs, tax and material items

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

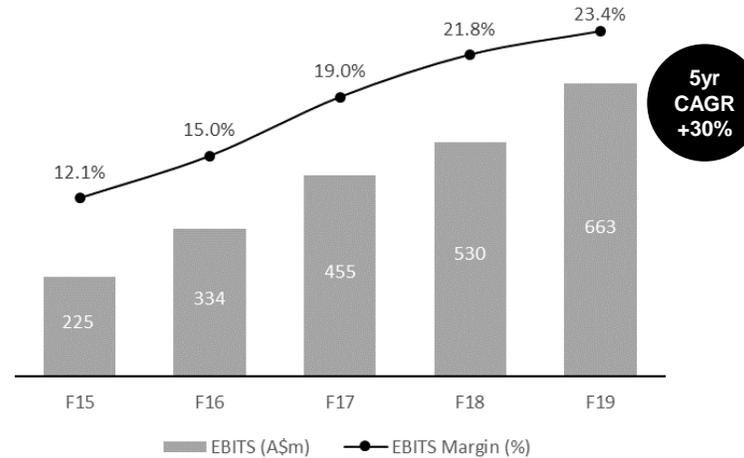
Our 5 year journey

Earnings growth, led by premiumisation and cost optimisation, has delivered outstanding returns

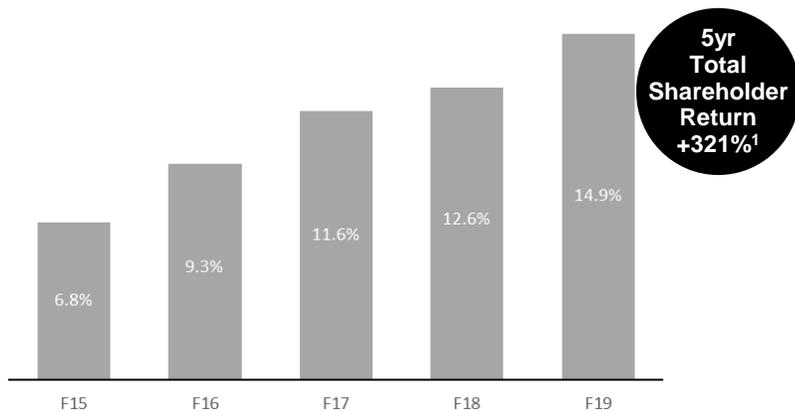
Group NSR (A\$m) and NSR per case



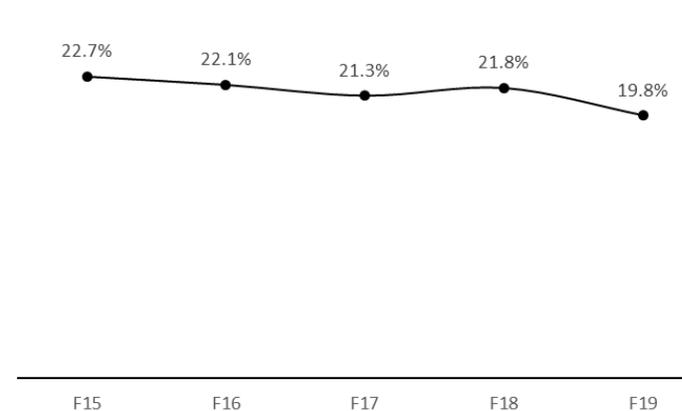
Group EBITs (A\$m) and EBITs margin



Return on Capital Employed (ROCE)



Cost of Doing Business (CODB) Margin



¹ Five year period from 31 August 2014 to 31 August 2019 (Source: Bloomberg)

Going forward



TWE has the team, the capability and the culture to continue delivering strong growth



Global category fundamentals remain attractive, particularly at premium price points



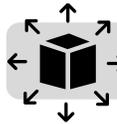
Premiumisation remains a priority, led by a portfolio of focus brands



Multi-regional sourcing will de-risk the supply model and drive accelerated premiumisation



Optimised regional business models provide TWE with a competitive advantage to take market share



TWE is the most self-distributed wine company, globally



The business model is delivering, with returns from premiumisation justifying focused capital investment



TWE is driving sustainability in everything it does