



TREASURY WINE ESTATES

25 February 2020

ASX ANNOUNCEMENT

TWE update on F20 earnings expectations

Treasury Wine Estates Ltd (ASX:TWE) today provides an update to its earnings expectations for F20 as a result of ongoing operational impacts from the Coronavirus (COVID-19) outbreak.

Whilst the full operating and financial impacts of the outbreak are yet to be fully determined, TWE now has sufficient information in its possession that would indicate consumption across discretionary categories in China has been significantly impacted through February, and that this impact on consumption is expected to be sustained to at least through March. As a result, TWE no longer believes that it will achieve the previously provided guidance for F20 reported EBITs growth of between 5% and 10%.

Further, TWE notes the following information, which is provided to assist investors with their understanding of the potential impacts from COVID-19 on its operating and financial performance in F20:

- As a result of the continuation of infection containment controls from the central government and provincial authorities throughout China, TWE's staff have not yet returned to the office and continue to work from home. The same situation is being experienced by TWE's partnership network, including wholesalers, retailers and logistics providers.
- Depletions performance leading into Chinese New Year continued to be strong and in line with TWE's plans, reflecting strong marketing and pull-through programs across TWE's brand portfolio prior to impacts from the outbreak. Post Chinese New Year consumption across discretionary categories has been significantly adversely impacted. TWE will however remain vigilant in ensuring its shipments into the market are appropriately calibrated to the rate of depletions once consumption normalises.
- The COVID-19 outbreak may impact performance in markets outside of China, however at this stage this is not expected to have a material impact.
- Asia is a predominantly Luxury wine sales region, and TWE has the flexibility to allocate Luxury wines to later fiscal periods or other geographies in order to deliver sustainable earnings growth. Should the impacts of COVID-19 be resolved in F20, it does not expect its F21 plans to be impacted.



- TWE remains committed to the health and safety of its employees and to being a supportive long-term partner to its customers in China, and will actively support them through this period. TWE's advantaged business model and strong portfolio of brands means it is well placed to capitalise on the long-term opportunities in the Asia region, and globally.

TWE will provide a further update on its performance at the F20 full year results.

For the purposes of ASX Listing Rule 15.5, TWE confirms that this document has been for authorized for release to the market by the Board.

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