



TREASURY WINE ESTATES

15 October 2021

ASX ANNOUNCEMENT

TWE 2021 AGM Addresses and Q1 Trading Update

Treasury Wine Estates Limited (ASX:TWE) will today address shareholders at its Annual General Meeting to be held online, commencing at 10:00am Australian Eastern Daylight Time.

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, Tim Ford, along with the accompanying presentation materials.

The attached materials provide shareholders with information regarding F22 first quarter trading.

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.

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

Contacts / Further information:

Media

Melissa O'Neill
Tel: +61 3 8533 3923
Mob: +61 467 555 175

Investors

Bijan Taghian
Tel: +61 3 8533 3568
Mob: +61 433 173 664



F21 Financial Highlights^{1,2,3,4,5}

Organic⁶ growth a highlight in F21, underpinning a strong and flexible balance sheet

NSR

\$2.6bn ▼ (3.0)% Reported
▲ 4.4% Organic

NSR per case

\$83.8 ▲ 2.4%

EBITS

\$510.3m • (0.4)% Reported
▲ 3.5% Organic

EBITS margin

19.9% ▲ 0.6 ppts

NPAT

\$309.6m ▲ 3.0%

EPS

42.9cps ▲ 2.9%

Cash conversion

100.8% ▲ 6.3ppts

Net Debt / EBITDAS

1.6x ▼ 0.5x

ROCE

10.8% ▲ 0.6ppts

Full year dividend

28.0cps No change

Luxury and Premium contribution to global NSR

77% ▲ 6ppts

1. Financial information in this report is based on audited financial statements. Non-IFRS measures will not be subject to audit or review, and are used internally by Management to assess the operational performance of the business and make decisions on the allocation of resources
2. TWE has updated its accounting policies in relation to the treatment of configuration and customisation costs in cloud computing arrangements per *IFRIC agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS38 Intangible Assets)*, resulting in the restatement of historical financials for the period F18 to F20. Refer to Supplementary Information for further information
3. All figures and calculations are subject to rounding
4. Unless otherwise stated, Financial Highlights are disclosed on a reported currency basis
5. Before material items and SGARA
6. On a constant currency basis, excluding the US Commercial portfolio brands that were divested in March 2021

F21 Business Highlights

Strengthening TWE through the execution of key strategic priorities



Embedded a **consumer and experience led marketing** model



Implemented plans to drive incremental global growth for **Penfolds Bin & Icon portfolios**



Progressed key changes towards delivery of the **future state premium US wine business**



Advanced **global supply chain optimisation program**



Accelerated separate focus, with transition to brand portfolio-led divisional model in F22

F22 Group priorities

In F22, we move into the next phase of executing the Game Plan



The world's most admired premium wine company

Divisional priorities

- Attract new consumers
- Grow global distribution and availability
- Optimise portfolio for long-term growth, including multi-COO



Treasury
Premium Brands

- Expand Premium portfolio
- Accelerate in priority growth markets, channels and COO's
- Implement fit for purpose cost and capital base



Treasury
Americas

- Drive relentless focus on premiumisation
- Expand the Premium portfolio
- Deliver asset, portfolio and cost optimisation

Group wide priorities



Elevate our culture and talent



Embed sustainability throughout TWE



Invest in technology as a growth platform



Pursue global innovation and inorganic opportunities

1Q22 Trading Update

Channel conditions slightly below expectations for recovery

| Indicative 1Q22 channel status by geography | Asia | Americas | ANZ | EMEA |
|---|----------------|----------------|----------------|----------------|
| | Status | Status | Status | Status |
| Bricks & Mortar Retail | | | | |
| Wholesale¹ | | Not applicable | Not applicable | Not applicable |
| E-commerce | | | | |
| On-premise¹ | Not measurable | | | |
| Cellar doors | Not applicable | | | Not applicable |
| Travel retail & other | | | | |

Legend

Green
Open, with minimal disruption or positive short-term impacts

Orange
Generally open, but with disruptions

Red
Closed or significantly disrupted

Trends below expectations in 1Q22

1. For Asia only, on-premise sales are reflected in wholesale channel performance

1Q22 Trading Update (continued)

Underlying divisional execution and trading performance in line with expectations



- Continued momentum in key growth markets, including Asia ex-mainland China
- Asia ex-mainland China depletions grew 19% in the three months to August and inventory days are in line with prior year
- In Australia, the 2021 release is performing well with pricing remaining stable
- Continuing to progress on multi-COO portfolio plans



Treasury Premium Brands

- Portfolio premiumisation delivering NSR/case improvement
- Innovation continues in Australia through 1Q22, including new Pepperjack ranges and Wolf Blass Zero
- Growing ahead of the market in the UK, led by 19 Crimes and Squealing Pig



Treasury Americas

- TWE Ten portfolio continues to outperform, growing 3% vs. category \$8+ which declined 5%¹
- Transition of distribution to RNDC in California and Texas complete, now focused on execution
- Continuing to progress divestiture of non-priority brands and assets

1. IRI Total US MULO+C 2021 fiscal year to date ending 9.19.2021



TREASURY WINE ESTATES

2021 Annual General Meeting

Chairman's Address – Paul Rayner

While fiscal 2021 was a year of significant change, it was also a year of achievement for TWE, and that is shown by the progress we made against our strategic agenda.

This progress is testament to the strength of our global business model and the commitment and resilience of our team who are values driven, disciplined, and focused in their execution of our strategy.

Now, well into the second year of the pandemic, it is important to acknowledge that COVID-19 has continued to impact and disrupt our consumers, customers, and our business with large parts of the world still in some form of lockdown throughout the year.

In many markets that disruption will continue into next year despite vaccination programs gaining momentum around the world.

Across our global operations we have supported and encouraged the vaccination rollout recognising that it is the pathway out of the pandemic and the return to a new normal – for our business, customers, and communities.

More importantly, the pandemic has, and will continue to, leave an indelible mark on all of us, not least in the way we live and work.

Our team is to be commended on how they continue to demonstrate care for each other, as well as our consumers, customers and partners, and the way they are embracing the key consumer challenges and opportunities emerging from the pandemic.

Alongside the pandemic, we have navigated the effective closure of the Chinese wine market to Australian wine – an event that was significant for TWE and the Australian wine industry.



TREASURY WINE ESTATES

While this has presented challenges, we remain committed to the China market for the long term and continue to invest in our team, our brands and our relationships with customers and consumers.

We recognise that, regardless of which market you operate in, businesses and brands are judged on how they act and behave, as well as the quality of their products.

We are mindful of that, recognising that trust is critical to building relationships and brands and is therefore essential to our long-term success.

I think this will be particularly important in the post-COVID world, as governments consider how they stimulate domestic economic recovery and the role of international trade relationships in driving economic growth.

Against this backdrop of disruption, TWE has not only adapted but has embraced these challenges as opportunities to reshape our business to drive growth and permanently change the way we engage with customers and consumers.

Our TWE 2025 strategic blueprint launched at the start of the fiscal year grounded our response strategies, keeping the consumer at the center of our decision making.

Likewise, our TWE DNA – our cultural code – of being courageous, delivering together and bringing our whole self to work, have informed our decisions and guided our team as well as the way in which we support our customers and partners throughout the year.

While Tim will provide a more detailed update on progress made against our strategic agenda shortly, I wanted to take a moment to reflect on some of the achievements across the business that were fundamental to delivering a quality financial result in fiscal 2021.

In Asia, where the Chinese market was effectively closed to Australian wine halfway through the fiscal year, we invested to drive growth in other key markets demonstrating the strength of our diversified business model. It was pleasing to see good growth developing across the region as the 2021 financial year came to a close.



TREASURY WINE ESTATES

In the Americas we continued to build momentum having made fundamental changes to our business model and our portfolio which have better positioned TWE for sustainable, long-term success in what is the world's largest premium wine market.

I also want to recognise the team's efforts to develop and navigate the seamless transition to our new operating model. Moving from a region-led business model to a brand portfolio led model will drive increased focus and accountability and form a sound foundation for the next phase of our growth.

Throughout the year, our diverse portfolio of brands continued to innovate and gain recognition, with the launch of the Penfolds California Collection and the 19 Crimes Cali Red and new Rosé varietals.

Wolf Blass was recognised as Red Winemaker of the Year at the 2021 International Wine Competition and Pepperjack again held its position as Australia's number one Shiraz, whilst in Europe, Lindemans embraced sustainability achieving carbon neutral status.

In F21 we also took a much bolder step towards sustainability leadership with the release of our enhanced sustainability strategy, and an expanded suite of targets that respond to the topics that matter most to our business and our stakeholders.

The strategy reflects our ambition to cultivate a brighter future for everyone who touches our business and our products.

Growing awareness of the threats to our environment and the importance of sustainability are increasingly shaping the expectations of our consumers, customers, and partners around the world.

Our ability to respond to a range of global and regional social, economic and consumer trends all require new ways of thinking, innovation, and partnerships to adapt.



TREASURY WINE ESTATES

Access to markets is critical to our long-term sustainable success and our ability to innovate, build meaningful partnerships and achieve the responsible production of our products will ensure we can grow and attract new consumers and gain access to new, growing markets.

With that in mind, we have continued to engage with governments and regulatory bodies across our regions on relevant issues to help ensure the long-term sustainability of our industry.

We are a global business and believe we have a role to play in working with governments, customers, partners, and a range of stakeholders to collectively address the challenges facing our industry and our communities.

Sustainability is embedded into our TWE 2025 strategic blueprint and is increasingly influencing our decision making across our value chain – from the way we source a range of fruit varietals and produce our wine, through to how its packaged, transported and sold.

As you will have seen from our 2021 Sustainability Report, our plans and initiatives are focused on delivering against three newly established goals – building a resilient business, fostering healthy and inclusive communities, and producing sustainable wine.

This year we also announced several new targets and commitments including:

- enhancing our approach to water stewardship;
- working towards net zero emissions including a 100% renewable energy target by 2024 as well as;
- renewed focus on consumer health and responsible drinking, sustainable growing and production, and responsible supply chain management.

These are in addition to our existing priorities regarding health, safety and wellbeing, inclusion and diversity and our sustainable packaging targets.

I want to advise shareholders that our former Director Louisa Cheang sadly passed away earlier this month. Louisa had been on a leave of absence from the Company's Board since May 2021 for medical reasons and retired from the Board on 1 September 2021. Her



TREASURY WINE ESTATES

passing is a great loss to the business community in Asia and to us at TWE. Louisa was a great talent taken far too young, and she will be missed by many including me and her colleagues on the TWE Board. On behalf of the Board and TWE management, we send our deepest condolences to her family and those closest to her.

Just as our business continues to evolve and adapt to drive growth and respond to future challenges and opportunities, so too does the TWE Board.

As a Board we are always reflecting on the best way to discharge our corporate governance responsibilities, ensuring effective oversight of TWE in the best interests of a range of stakeholders, including you, our shareholders.

As part of our continuing process of Board and Committee succession planning, I am pleased to advise shareholders today of planned changes to our Board Committee membership and structure including:

- The establishment of a new Wine Operations and Sustainability Committee to be chaired by our Director Garry Hounsell. The purpose of the Committee will be to assist the Board by providing expert consideration of, and advice on, the Company's wine making operations in the various regions in which the Company operates, expansion opportunities in winemaking areas, supply chain sustainability and oversight of the Company's sustainability reporting. Colleen Jay will also join the Committee as will external advisers with deep experience in winemaking and wine operations. The intention in forming the Committee is to allow more time for in depth consideration of winemaking, sustainability, and supply chain strategic, long term planning and operational issues, both in relation to the Company's own operations and its relationships with the sector in different winemaking regions.
- Lauri Shanahan will move into the Chair of our Human Resources Committee replacing Warwick Every-Burns on 1 July 2022. Warwick has advised me of his intention to retire from the Board as part of our normal process of succession planning at the AGM in 2022. He will remain a member of the Board and the Human Resources Committee until that time, and I'd like to take this opportunity to acknowledge his excellent contribution to



TREASURY WINE ESTATES

the Board and leadership of the Human Resources Committee and look forward to his continued contribution through until his retirement.

- Antonia Korsanos will become the Chair of our Audit and Risk Committee on 1 November 2021, replacing Garry Hounsell. Garry will remain a member of the Audit and Risk Committee. I'd like to take this opportunity to acknowledge Garry's excellent leadership and look forward to his continued contribution to the Committee and our Board.

Before I conclude, I can't miss the opportunity to acknowledge that this year we celebrated 10 years of TWE.

There have been numerous milestones that have marked this journey and I want to take this opportunity to recognise the contribution that many people have played in our growth and evolution during this past decade, from our team – past and present - through to partners, suppliers, communities, consumers as well as you, our shareholders.

Looking ahead, TWE is confident that our strategic agenda, including our elevated focus on digital consumer engagement and experience, data and technology, sustainability and culture and organisational capability, coupled with our new operating model, positions us well to respond to the changing landscape, drive growth, and progress our ambition of becoming the world's most admired premium wine company.

Before I conclude with my final thanks, I would like to remind shareholders that today, you will be asked to consider and vote in favour of a number of items of business. On this, and all matters, I ask for shareholder support.

In closing, on behalf of the Board, I would like to thank our people at TWE, led by Tim Ford, for the results delivered in what has continued to be a challenging operating environment. We are extremely proud to have such an outstanding, high-calibre team that is committed to delivering against our strategy.

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



TREASURY WINE ESTATES

I'll now hand over to Tim Ford to provide a detailed breakdown of business performance in the past financial year, as well as an update on the first quarter of this financial year and our priorities and focus for the remainder of fiscal 2022.



TREASURY WINE ESTATES

2021 Annual General Meeting

Chief Executive Officer's Address – Tim Ford

Thank you, Paul. And welcome to our shareholders joining us from around the world. It's a pleasure to update you today on our fiscal 21 performance and our priorities for fiscal 22.

In fiscal 21 we successfully delivered a strong trading performance across the globe against a backdrop of significant external disruption from the ongoing global pandemic, wildfires in California and the introduction of significant import duties on Australian wine sold into China.

Reported net sales revenue declined 3%, however, on an organic basis, which excludes the impact of currency and the US commercial brands divested in March, revenue increased by over 4%. Pleasingly, top line growth was achieved in all regions outside of China, and was led by our \$10-30 Premium portfolio, with strong performance delivered by a number of priority brands including 19 Crimes, Pepperjack, Squealing Pig, Beringer Brothers and Matua. The most pleasing aspect of our sales mix in fiscal 21 was the six percent increase in the luxury and premium portfolio contribution of our global revenue, which now sits at 77%.

EBITS of \$510m was in line with fiscal 20, and EBITs margin improved 0.6 percentage points to 19.9%, reflecting not only our top-line performance but also improved cost of doing business, particularly in the Americas and Asia. We are especially pleased with this result considering that the EBITs contribution from Mainland China declined \$77m in the year.

Cash flow performance was once again very strong, with cash conversion of 101%. Net debt reduced by \$376m, assisted in part by favourable currency, driving the significant improvement in our leverage ratio to 1.6x, down from 2.1x at the end of fiscal 20.

Finally, the Board declared a fully franked final dividend of 13 cents per share, resulting in a full year dividend of 28 cents per share and a payout of 65% which is in line with our long-term dividend policy.



TREASURY WINE ESTATES

As with every business around the globe, our fiscal 21 performance has been delivered against a backdrop of ongoing impacts from the pandemic. Across all of our markets, key sales channels were in varied states of impact and recovery throughout fiscal 21, with retail and e-commerce channels performing strongly throughout the year while key sales channels for higher margin luxury wine such as on-premise, cellar doors and travel retail remained disrupted or closed.

Shortly, I will provide an update on how trends from the pandemic are evolving across our key markets through the first quarter of fiscal 22.

In addition to delivering a high-quality financial result, we also made significant progress in fiscal 21 towards a number of key strategic priorities:

- Our shift to a consumer and experience led marketing model, has become a key driver of positive momentum for Treasury Wine Estates. Through bold innovation, collaborations and partnerships with celebrities and key opinion leaders, and focused digital engagement, we are driving increasing consumer demand across our brand portfolios.
- The implementation of our global response to the trade measures introduced in China, including plans to drive incremental growth for the Penfolds Bin and Icon portfolios, took a significant step forward in the second half of fiscal 21. In addition to reallocating product to meet previously unmet demand, we accelerated investment to support future growth for Penfolds in key global markets. The early momentum behind these plans is encouraging, particularly in Australia and in Asian markets outside Mainland China where the Penfolds Bin and Icon portfolio revenue grew 15% and 38% respectively in the year.
- We progressed significantly towards our plans to deliver a future state premium wine business in the Americas, with the divestment of the US commercial portfolio in March a key milestone. Pleasingly, the positive trajectory of our Americas business delivered significant growth in EBITD and EBITD margin in fiscal 21, and while the transformation is ongoing, we are very pleased with the progress being made by Ben Dollard and his team.



TREASURY WINE ESTATES

- We also continued to progress our extensive global supply chain optimisation program, which is now in its advanced stages, and we expect to deliver cost savings of at least \$75m per annum from fiscal 23 onwards.
- And finally, a leading priority in fiscal 21 was accelerating the separate focus across our brand portfolios, and on the first of July we transitioned to our new divisional operating model led by Penfolds, Treasury Premium Brands and Treasury Americas. The new model will deliver increased focus and accountability throughout our business and also ensure we fully leverage our global scale and diversification. We are already seeing the benefits of this new model, with each division focusing on their own set of strategic priorities which I will touch on shortly.

In summary, I am very pleased with the operating and financial performance we delivered in fiscal 21, which I hope provide you, as shareholders, with confidence in our ongoing ability to meet our long-term growth ambitions.

I'll now shift our attention to fiscal 22, starting with the clear set of priorities that we have set ourselves to deliver as we continue to progress towards our TWE 2025 strategy and our ambition to be the world's most admired premium wine company.

The Penfolds team will be focused on growing global demand for the brand by attracting new consumers and expanding distribution and availability in the right channels and markets, while optimising the portfolio for long-term growth, with the execution of a multi-country of origin strategy that will include propositions sourced from the US and France. Investing behind this strategy will continue to be a priority, and we are currently finalising the acquisition of an additional winery and vineyards in Bordeaux that will provide incremental sourcing and production capacity for Penfolds.

Treasury Americas will be focused on driving relentless focus on premiumisation across the business, delivering portfolio expansion through bold, consumer led innovation, and completing the brand and asset optimisation program that we commenced over a year ago. The Americas team will also pursue opportunities to further complement what is now a highly



TREASURY WINE ESTATES

focused portfolio of premium brands, either organically or through targeted bolt-on acquisitions that meet our strategic and financial criteria.

For the Treasury Premium Brands team, the focus will be expanding a fantastic portfolio of premium brands across priority growth markets and channels, building out multi country of origin consumer offerings, and establishing a sustainable, fit for purpose cost and capital base that will support the margin ambitions we have outlined for the division.

Importantly, supporting the divisional growth objectives are four TWE Group wide priorities, being led by our corporate and central functions, and implemented throughout the business.

These priorities include continuing to elevate our culture and talent, embedding sustainability right throughout TWE, investing in technology, tools and advanced platforms and finally pursuing global innovation and, as I mentioned just before, inorganic growth opportunities that can either fill 'premium portfolio gaps' across our brand portfolio divisions, leverage existing strengths or build new capabilities.

As we exit the first quarter of fiscal 22, the recovery of key luxury channels impacted by the pandemic are slightly behind the expectations we had at the beginning of the year.

This is particularly the case in the US where re-openings continued at a gradual pace, but with on-premise depletions growth slower than we had anticipated, and in Australia, where extended lockdowns in Sydney and Melbourne have resulted in the closure of the on-premise channel, delaying our execution plans outside of the large retailers, particularly for Penfolds. In Asia, significant disruptions to key luxury sales channels continue across large parts of the region.

While the momentum in these channels is slightly behind, we remain confident that as vaccination programs gain momentum and restrictions ease across these key premium and luxury wine sales channels that we are well placed to execute our plans to deliver growth.



TREASURY WINE ESTATES

In the meantime, the retail and e-commerce channels continue to perform strongly, albeit with moderating growth rates compared to the prior year where there were significant shifts in consumer purchasing behaviour.

And finally, consistent with other global businesses, we are seeing pandemic related impacts to global logistics and supply chains, with reduced vessel availability and shipping delays becoming more pronounced. We expect these challenges to be ongoing and will continue to actively manage this with our customers.

Outside of these factors, our global business is performing in line with our expectations and we are pleased with the underlying performance of our divisions in the first quarter.

Starting with Penfolds, who has maintained top-line momentum, led by Asian markets outside of China and reflecting the ongoing success of our growth plans. This is being driven by our priorities of attracting new consumers and growing distribution and availability in key markets, further reinforcing our belief that we have moved beyond the stage of “reallocation” to global expansion and growth. In Asia ex-China, depletions grew 19% in the three months to August and customer inventory levels remain very healthy with forward inventory days cover sitting in line with the prior year. In Australia, the 2021 Penfolds release is performing well, with pricing remaining stable across key brand tiers.

For Treasury Premium Brands, portfolio premiumisation continued across the division, with NSR per case improving in the first quarter. In Australia, new Pepperjack ranges continue to gain traction, and our innovation pipeline remains strong, with our first zero alcohol wine, Wolf Blass Zero, launching in Woolworths supermarkets this month. In the UK, we continue to perform ahead of the market, led by 19 Crimes and Squealing Pig.

For Treasury Americas, the TWE Ten portfolio continues to outperform the market in retail channels, growing 3% compared to the market above \$8 which declined 5% in the three months to 19 September 2021. Our transition of distribution to RNDC in California and Texas has been completed successfully, and we now shift our attention to strong execution with these partners in the coming months, supported by strong programming. And finally, we are



TREASURY WINE ESTATES

continuing to progress with our plans to divest the remaining non-priority US brands and assets.

We remain positive on the performance of our business in fiscal 22, led by the continuing momentum behind our Premium portfolio and the execution of growth plans for Penfolds across key global channels and markets. Globally, our underlying business is performing in line with expectations, however the pandemic related factors will continue to have a bearing on our performance in the short term, both with respect to the timing and pace with which key sales channels re-open and recover across key markets.

In closing, fiscal 21 was a year of significant change and achievement for Treasury Wine Estates, where we navigated major disruptions and challenges to deliver a strong financial performance while executing a number of key strategic priorities that have strengthened our business.

As we continue to progress towards the delivery of our TWE 2025 strategic agenda, we remain very confident in the outlook for your company, including our financial objective of delivering sustainable top-line growth and high-single digit average earnings growth over the long-term.

I would like to thank shareholders for their continued support and I look forward to updating you on our first half results in February. Thank you.

- ends -