



TREASURY WINE ESTATES

10 March 2021

ASX ANNOUNCEMENT

TWE reaches long-term agreement with The Wine Group for several commercial brands in its US portfolio

Treasury Wine Estates Limited (ASX:TWE) today announced further progress on plans to deliver the future state premium US wine business, with an agreement reached with The Wine Group in relation to several of TWE's commercial tier brands from its US portfolio.

Under the terms of the long-term licensing agreement¹, which is effective 9 March 2021 (US Pacific time), The Wine Group will source and sell the Beringer Main & Vine, Beringer Founders' Estate, Coastal Estates and Meridian brands² in the Americas.

The Wine Group will acquire existing inventories associated with these brands on a progressive drawdown basis and will assume responsibility for related future bulk wine supply contracts.

On today's announcement, TWE's Chief Executive Officer Tim Ford said:

"We are delighted to be entering into this long-term transaction with The Wine Group, which will be of mutual long-term benefit to our respective organisations. For TWE, this transaction is a significant milestone towards our plans to deliver the future state premium US wine business and we can now focus solely on continuing the growth of our premium brand portfolio to drive future performance in the Americas".

"The Wine Group is a leader in the industry with strong wine brands that deliver unbeatable value" said Cate Hardy, CEO of The Wine Group. "The acquisition of these popular brands further positions The Wine Group as a global leader in wine. Adding these brands complements TWG's leadership in the value segment along side our growing portfolio of premium wines, introducing more consumers to our high quality wines at every price point."

As outlined at the 1H21 results announcement, TWE is implementing plans intended to deliver a premium focused business in the Americas with broadly half the volume, similar

¹ The Beringer brand will be licenced to The Wine Group for use on Main & Vine and Founders' Estate ranges only. All other Beringer branded products will remain with TWE. Beringer remains a core brand within the TWE portfolio and there is no intention for TWE to dispose of the Beringer brand as part of this or any future transactions.

² In the six-month period to 31 December 2020, these brands contributed 2.3m cases of volume, \$92 million of net sales revenue (NSR) and \$13.5m of gross profit.





earnings³ over time and progress towards the target regional EBITs margin of 25%. TWE expects to generate one-off net cash inflow of at least A\$300m⁴ as part of these plans. Today's announcement, which will generate cash proceeds of approximately A\$100m, is a meaningful step towards these goals. One off-costs associated with this transaction were recognised as material items in the 1H21 results.

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

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³ 1H20 outcome, annualised

⁴ A\$57.0m cash inflow received in 1H21 following divestment of Californian vineyards