



TREASURY WINE ESTATES

16 August 2021

ASX ANNOUNCEMENT

TWE provides accounting policy update, historic divisional financials & F21 guidance reaffirmation

Treasury Wine Estates Limited (ASX:TWE) today provides details of the impact of a recent change to Australian Accounting Standards which will result in restatement of TWE's historical financial statements. In addition, TWE is providing updated and expanded historical financial information for its new brand portfolio divisions.

The information is being provided to assist investors ahead of TWE's Annual Results announcement on 19 August 2021.

Accounting standards update – Cloud computing arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC), under IFRIC agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS38 Intangible Assets), has clarified the accounting standard requirements with respect to costs associated with cloud computing, requiring costs associated with the configuration and customisation of cloud software to be recorded immediately in the Statement of Profit and Loss and Other Comprehensive Income, rather than capitalised in the Statement of Financial Position and amortised over the useful life of the asset.

As a result, TWE has updated its accounting policy on a full retrospective basis, resulting in the cost of several major technology projects in previous financial years being expensed in those years, and the reversal of any previously recorded amortisation expenses associated with these software systems.

TWE has presented its restated historical financials for F18 to F20 in Attachment 1. TWE confirms that the impact to F21 is negligible, due to the timing and nature of technology projects in F21.





Historical financials for brand portfolio divisions

At its investor day on 13 May 2021, TWE provided details of historic full year financial performance for its new brand portfolio divisions – Penfolds, Treasury Premium Brands and Treasury Americas - which became operational on 1 July 2021. In Attachment 2, TWE has again provided this historical full year information, as well as providing historical half year information.

TWE notes that, since the Investor Day, it has updated its assumptions with respect to the allocation of costs to the divisions, resulting in fewer costs being allocated to the respective divisions and more retained in the Corporate segment.

TWE believes this approach enhances transparency of reporting because it is aligned to TWE's current methodology of cost allocation to regions. TWE also believes that retaining these costs within the Corporate segment will promote more efficient management of these costs on a long-term basis.

F21 Earnings Outlook

TWE reaffirms its guidance for F21 EBITs to be in the range of \$495m to \$515m, inclusive of any impact of the accounting standards update referred to above.

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:

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



Attachment 1: Restated Historical Financials

1.1 Group profit & loss¹

\$Am (unless otherwise stated)	F18			F19			F20		
	Reported	Adjustment ²	Restated	Reported	Adjustment ²	Restated	Reported	Adjustment ²	Restated
Net sales revenue	2,429.0	-	2,429.0	2,831.6	-	2,831.6	2,649.5	-	2,649.5
NSR per case (\$)	70.3	-	70.3	79.8	-	79.8	81.9	-	81.9
Other Revenue	67.4	-	67.4	51.4	-	51.4	28.7	-	28.7
Cost of goods sold	(1,425.8)	-	(1,425.8)	(1,642.5)	-	(1,642.5)	(1,588.9)	-	(1,588.9)
Cost of goods sold per case (\$)	41.2	-	41.2	46.3	-	46.3	49.1	-	49.1
Gross profit	1,070.6	-	1,070.6	1,240.5	-	1,240.5	1,089.3	-	1,089.3
Gross profit margin (% of NSR)	44.1%	-	44.1%	43.8%	-	43.8%	41.1%	-	41.1%
Cost of doing business ³	(526.6)	(0.2)	(526.8)	(559.5)	(16.3)	(575.8)	(555.8)	(20.9)	(576.7)
Cost of doing business margin (% of NSR)	21.8%	0.0%	21.8%	19.8%	1%	20.3%	21.0%	1%	21.8%
EBITS	544.0	(0.2)	543.8	681.0	(16.3)	664.7	533.5	(20.9)	512.6
EBITS margin (%)	22.4%	0.0%	22.4%	24.1%	-0.6%	23.5%	20.1%	-0.8%	19.3%
SGARA	(15.0)	-	(15.0)	(19.7)	-	(19.7)	(41.3)	-	(41.3)
EBIT	529.0	(0.2)	528.8	661.3	(16.3)	645.0	492.2	(20.9)	471.3
Net finance costs	(63.9)	-	(63.9)	(85.7)	-	(85.7)	(85.9)	-	(85.9)
Tax expense	(119.7)	0.1	(119.6)	(167.1)	4.7	(162.4)	(119.3)	5.6	(113.7)
Net profit after tax (before material items)	345.4	(0.1)	345.3	408.5	(11.6)	396.9	287.0	(15.3)	271.7
Material items (after tax)	(4.6)	-	(4.6)	-	-	-	(26.2)	-	(26.2)
Non-controlling interests	(0.1)	-	(0.1)	-	-	-	-	-	-
Net profit after tax	340.7	(0.1)	340.6	408.5	(11.6)	396.9	260.8	(15.3)	245.4
Reported EPS (A\$)	46.9	-	46.9	56.9	(1.7)	55.2	36.2	(2.1)	34.1
Net profit after tax (before material items and SGARA)	356.3	(0.1)	356.2	422.8	(11.6)	411.2	315.8	(15.3)	300.5
EPS (before material items and SGARA) (A\$)	49.1	-	49.1	58.9	(1.7)	57.2	43.9	(2.1)	41.7
Average no. of shares (m)	725.7	-	725.7	718.4	-	718.4	719.9	-	719.9
Dividend (A\$)	32.0	-	32.0	38.0	-	38.0	28.0	-	28.0

1.2 Regional EBITs summary

EBITS A\$m	F18			F19			F20		
	Reported	Adjustment ²	Restated	Reported	Adjustment ²	Restated	Reported	Adjustment ²	Restated
ANZ	137.5	(0.1)	137.4	158.0	(4.8)	153.2	133.3	(3.2)	130.1
Asia	199.5	-	199.5	283.0	(1.9)	281.1	243.7	(2.2)	241.5
Americas	203.3	(0.1)	203.2	233.4	(5.3)	228.1	147.3	(10.4)	136.9
EMEA	56.3	-	56.3	63.3	(1.8)	61.5	51.7	(2.2)	49.5
Corporate	(52.6)	-	(52.6)	(56.7)	(2.5)	(59.2)	(42.5)	(2.9)	(45.4)
TWE EBITs	544.0	(0.2)	543.8	681.0	(16.3)	664.7	533.5	(20.9)	512.6

¹ All figures and percentage movements are subject to rounding

² Net impact of accounting change to cost of doing business expense (costs incurred that were previously capitalised and reversal of amortisation previously recognised)

³ Gross Profit less EBITs. Includes overheads, A&P, depreciation/amortisation and other business income

**Attachment 2: Divisional key financial information****2.1 Penfolds**

	F18	F19	F20
Volume (m9LE)	2.1	2.8	2.5
NSR (A\$m)	544.3	816.0	765.2
NSR/Case (A\$)	255.3	287.3	312.2
EBITS (A\$m)	232.8	374.2	362.6
EBITS margin (%)	42.8%	45.9%	47.4%

	1H18	1H19	1H20
Volume (m9LE)	1.2	1.5	1.5
NSR (A\$m)	320.2	444.1	515.1
NSR/Case (A\$)	278.0	301.4	342.4
EBITS (A\$m)	142.7	206.3	265.0
EBITS margin (%)	44.6%	46.5%	51.4%

2.2 Treasury Americas⁴

	F18	F19	F20	F20 Proforma
Volume (m9LE)	13.5	13.9	12.3	7.6
NSR (A\$m)	935.4	1,084.4	1,014.6	810.8
NSR/Case (A\$)	69.1	78.2	82.6	106.8
EBITS (A\$m)	194.4	208.2	117.0	127.0
EBITS margin (%)	20.8%	19.2%	11.5%	15.7%

	1H18	1H19	1H20
Volume (m9LE)	7.2	7.3	6.9
NSR (A\$m)	487.2	569.5	566.9
NSR/Case (A\$)	67.5	77.8	82.7
EBITS (A\$m)	99.2	102.7	72.9
EBITS margin (%)	20.4%	18.0%	12.9%

⁴ Proforma financials adjusted for commercial portfolio brands divested March 2021 and organisational structure changes. Does not include any future benefit from supply chain optimisation initiatives or dysssynergies.



2.3 Treasury Premium Brands

	F18	F19	F20
Volume (m9LE)	18.9	18.8	17.6
NSR (A\$m)	949.2	931.2	869.7
NSR/Case (A\$)	50.2	49.6	49.4
EBITS (A\$m)	169.2	141.5	78.4
EBITS margin (%)	17.8%	15.2%	9.0%

	1H18	1H19	1H20
Volume (m9LE)	10.1	9.9	9.3
NSR (A\$m)	488.0	494.1	454.1
NSR/Case (A\$)	48.5	49.9	48.8
EBITS (A\$m)	73.7	64.6	44.1
EBITS margin (%)	15.1%	13.1%	9.7%

2.4 Corporate

Corporate	F18	F19	F20
EBITS (A\$m)	(52.6)	(59.2)	(45.4)

Corporate	1H18	1H19	1H20
EBITS (A\$m)	(25.6)	(31.2)	(26.2)