Treasury Wine Estates supply chain optimisation program continues in Australia and New Zealand

Treasury Wine Estates Ltd (TWE) announced today that it is making further changes to its wine production network in both Australia and New Zealand. In line with earlier market announcements on supply chain optimisation (6 October 2015 and 31 March 2015), the Company is taking action to remove cost and complexity from its operations around the globe.

As a result of this process, TWE is announcing today that it is closing its Matua Auckland winery, packaging and cellar door site, and consolidating the Company’s NZ wine production into the Matua Marlborough winery. In Australia, TWE intends to cease operations at its Great Western winery in Victoria which will be maintained while it considers the operational future of the site, including a potential sale.

Bob Spooner, Chief Supply Officer at TWE, said:

“Over the last two years, TWE has completed a multi-million dollar expansion of the Matua Marlborough winery in one of New Zealand’s internationally renowned winemaking regions. It is a state of the art facility capable of handling the vast majority of TWE’s New Zealand wine making requirements, so it makes sense to simplify and consolidate our production into one operation.

“In Australia, the size and location of the Great Western winery means it is both under-utilised and increasingly non-viable as a production facility, so we are ceasing operations and moving production into other wineries in TWE’s Australian wine production network in order to reduce costs and remove unnecessary complexity.”

These are significant changes for TWE’s Australian and New Zealand wine production network with a number of roles impacted. The precise extent of these impacts is still being worked through as the Company finalises the resourcing needs for its new production footprint.

Importantly, these supply chain changes will not impact any of TWE’s brands or existing supply contract arrangements with grape growers, and the Company remains committed to supporting, and investing behind, key brands such as Seppelt and Matua.
Associated changes related to this announcement include:

- The closure of the Great Western cellar door by the end of June 2016;
- The sale of surplus vineyard land in the Great Western and Yarra Valley regions in Victoria, Australia following the 2016 Vintage;
- The expansion of existing third party processing for all New Zealand, North Island grapes; and,
- The establishment of third party packaging arrangements for New Zealand’s domestic market requirements.

The changes announced today are to be phased in over the coming months and employees at impacted sites will continue to be consulted and informed as this process moves forward.

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