TREASURY WINE ESTATES

19 August 2021

ASX ANNOUNCEMENT

2021 Annual Results Investor and Analyst Presentation

Enclosed are the presentation materials for the investor and analyst webcast and conference call to be hosted by Treasury Wine Estates commencing at 10:00am (AEST) on 19 August 2021. Links to register for the conference are provided in the 2021 Annual Results Announcement also lodged with the ASX today.

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

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F21 Full Year Results

19 AUGUST 2021

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Introduction

Tim Ford Chief Executive Officer

F21 Financial Highlights[1,2,3,4,5]

Organic[6] 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

Earnings performance

2H21 regional performance reflects continued strength in execution of plans

Reported EBITS performance by half: F20 and F21 (A$m)[1]

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TWE

Status of key sales channels

Sales channels remain in varied states of recovery; recent reopening of on-premise and cellar doors

Indicative NSR contribution[1] and F21 channel status by region	Asia % NSR	Asia Status	Americas % NSR	Americas Status	ANZ % NSR	ANZ Status	EMEA % NSR	EMEA Status
Bricks & Mortar Retail	23%	Green	73%	Green	71%	Green	89%	Green
Wholesale[2]	53%	Orange	Not applicable		Not applicable		Not applicable	
E-commerce	18%	Green	3%	Green	9%	Green	5%	Green
On-premise[2]	Not measurable		11%	Orange	7%	Orange	4%	Orange
Cellar doors	Not applicable		9%	Orange	10%	Orange	Not applicable	
Travel retail & other	6%	Red	4%	Red	3%	Red	2%	Red

Legend

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

Orange
Generally open, but with disruptions

Red
Closed or significantly disrupted

Favourable trend since 1H21

Adverse trend since 1H21

1. Indicative channel splits are management estimates, based on experience of historical trading and have not been adjusted to reflect recent evolution of some channels. E-commerce includes sales via TWE's e-commerce platforms and estimates of third party e-commerce sales
2. For Asia only, on-premise sales are reflected in wholesale channel performance

Executing the Game Plan

Delivering against our priorities in a year of significant change

01 Manage performance

- Strong execution and organisational resilience in a year of significant disruption
- On an organic[1] basis, delivered premiumisation, top-line growth and EBITS growth
- COVID-19 Plan Ahead Agenda supported recovery trends in all markets
- Well known and trusted brands are performing strongly during the pandemic

02 Shift to a consumer led marketing model

- Embedded consumer and experience led marketing model throughout TWE
- Bold innovation, partnerships and collaborations a highlight
- Driven by data and insights; completed significant intelligence study into the luxury wine consumer

03 Optimise our global supply chain

- Progressed extensive global supply chain optimisation program, focused on:
  - Product strategy
  - Production efficiency
  - Sourcing costs
  - Global cost to serve
  - Robotics and digitisation
  - Asset optimisation
- Annualised benefits of at least $75m from F23[2]

1. On a constant currency basis and excluding US Commercial brands divested in March 2021
2. F20 base, excluding inflation and volume mix impacts

Executing the Game Plan (continued)

Delivering against our priorities in a year of significant change

04 Accelerate separate focus across portfolio

- Transitioned to new divisional operating model in F22
- Led by three brand portfolio divisions - Penfolds, Treasury Premium Brands and Treasury Americas
- Divisional model to deliver increased focus and accountability while leveraging the scale of our global business model

05 Deliver the future state premium US wine business

- Our US business has been fundamentally changed and is well placed for sustainable long-term success
- Divestment of US Commercial portfolio in 2H21 was an important milestone
- Route to market changes in California and Texas to support portfolio momentum and growth in key markets

06 China import duties: implement global response plan

- Strong growth outside of Mainland China for Penfolds Bins & Icons in F21, satisfying previously unmet demand, with encouraging performance in 4Q21
- Accelerated investment to support future growth in key global markets
- Made and launched new multi-COO propositions

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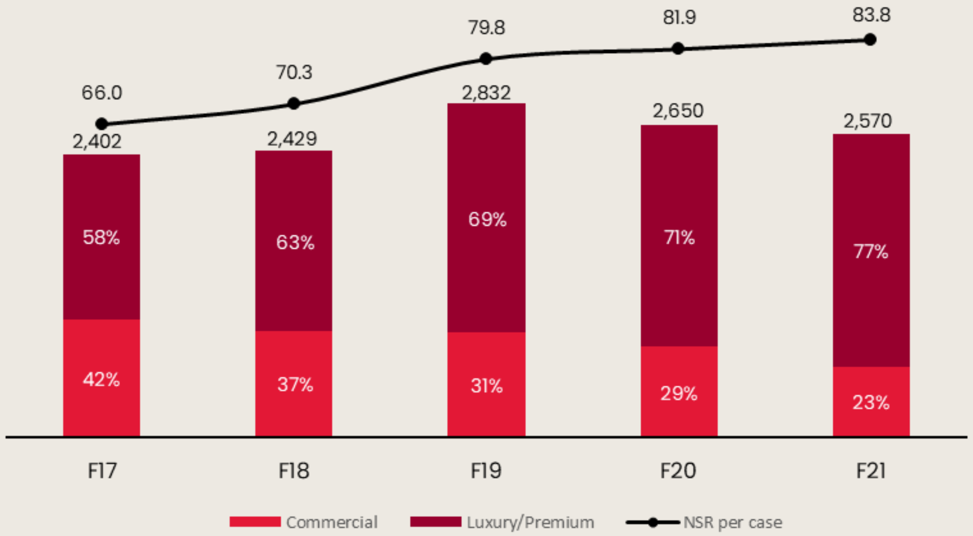
Financial Performance

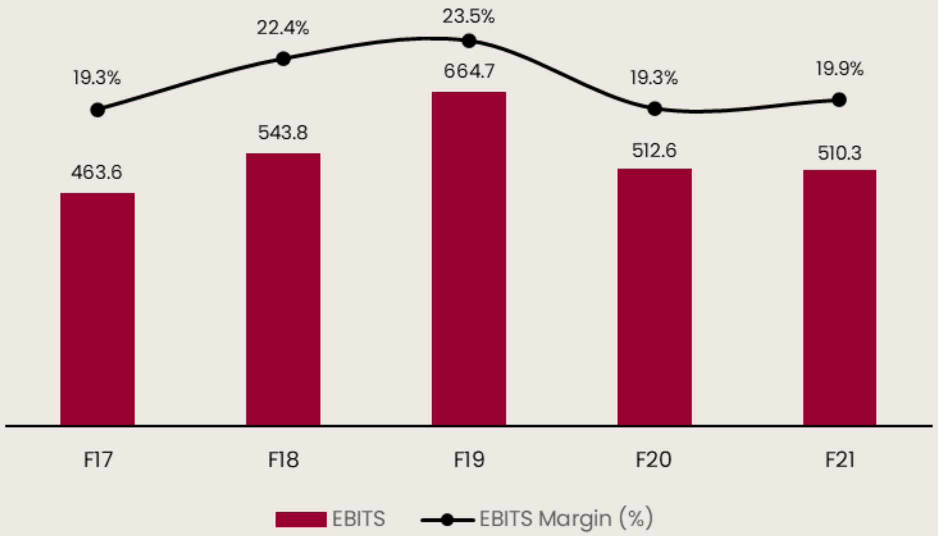
Matt Young Chief Financial Officer

Key measures of performance[1,2]

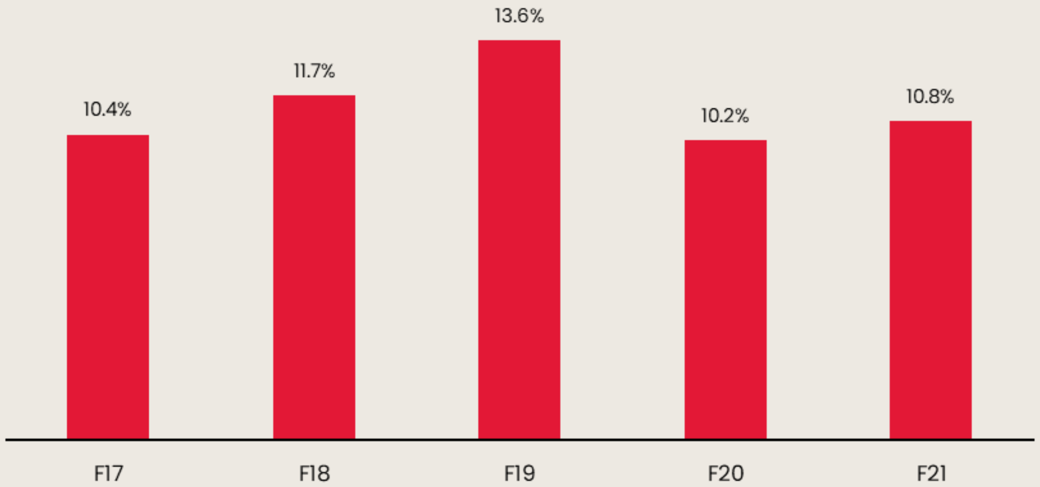
Group NSR (A$m) and NSR per case



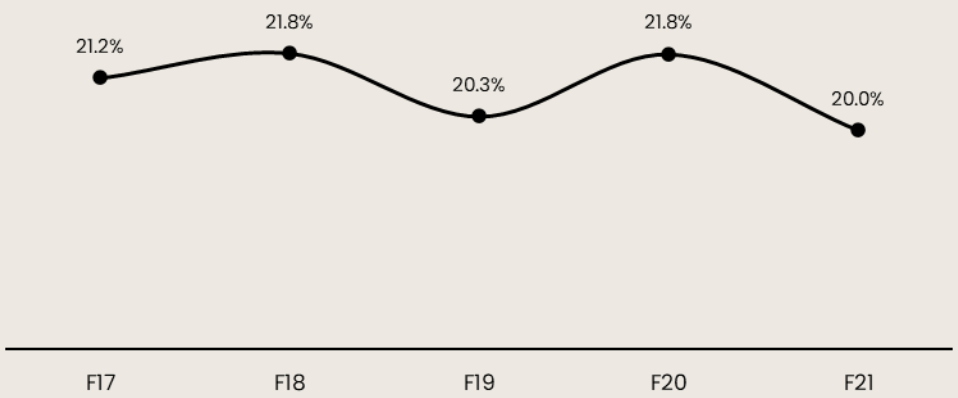
Group EBITS (A$m) and EBITS margin



Return on Capital Employed (ROCE)



Cost of Doing Business (CODB) margin



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Material items

Material Items	Benefits	Benefits from	Expected one-off costs	Total recognised to date	Recognised in F21
Divestment of US brands & assets (announced 17 February 2021)	Enable prioritisation of premium focus brand portfolio as driver of Americas regional performance	F21	$(100.0)m	$(62.3)m	$(62.3)m
South Australian Luxury expansion (announced 15 August 2019)	1/3 Luxury capacity increase	F25	$(35.0)m	$(33.1)m	$(7.8)m
Overhead & supply chain restructure (announced 13 August 2020)	Overheads - $35m Supply Chain - $75m+	F21 F23+	$(45.0)m	$(29.7)m	$(18.4)m
Total Material Items (pre-tax)			**$(180.0)m**	**$(125.1)m**	**$(88.5)m**
Total Material Items (post-tax)				**$(92.3)m**	**$(66.1)m**

- TWE expects net cash inflows of approximately $300m from the divestment of US brands and assets, with approximately $150m having been confirmed to date
- Costs relating to the South Australian Luxury expansion and the Overhead and supply chain restructure are primarily cash in nature

TWE

Balance sheet[1,2,3]

A$m	F21	F20 Restated
Cash & cash equivalents	448.1	449.1
Receivables	622.0	554.1
Current inventories	839.7	1,017.4
Non-current inventories	1,056.8	1,059.2
Property, plant & equipment	1,322.5	1,397.4
Right of use lease assets	448.4	517.0
Agricultural assets	33.8	34.1
Intangibles	1,155.5	1,294.1
Tax assets	183.7	193.8
Assets held for sale	140.2	74.3
Other assets	33.5	54.2
Total assets	**6,284.2**	**6,644.7**
Payables	703.6	682.1
Interest bearing debt	915.2	1,227.0
Lease liabilities	612.6	698.6
Tax liabilities	330.7	357.2
Provisions	104.8	59.2
Other liabilities	26.1	24.5
Total liabilities	**2,693.0**	**3,048.6**
Net assets	**3,591.2**	**3,596.1**

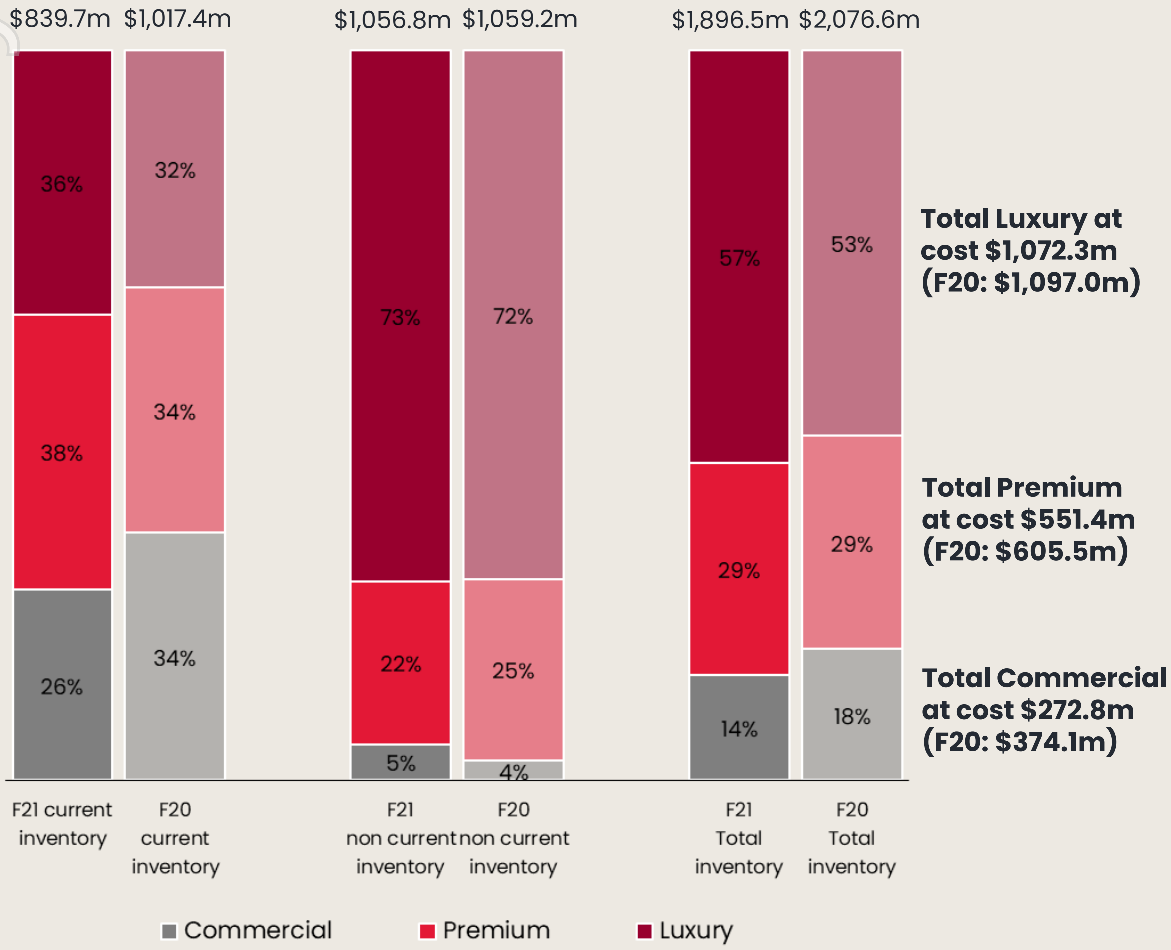
A strong, flexible and efficient balance sheet

- Net assets declined $4.9m on a reported currency basis in F21
- Adjusting for the movement in foreign exchange rates, net assets increased by $113.4m
- Key drivers of the increase include:
  - The decline in borrowings, following the repayment of drawn bilateral debt facilities and maturing US Private Placement Notes
  - Partly offset by the divestment of US Commercial portfolio brands, which included a reduction in inventory and the impairment of intangibles
- Assets held for sale primarily relate to US assets identified for disposal as part of plans to deliver the future state premium wine business

1. Unless otherwise stated, balance sheet percentage or dollar movements from the previous period are on a reported currency basis
2. Working capital balances may include items of payables and receivables which are not attributable to operating activities
3. Interest bearing debt includes fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of US Private Placement notes: F21 +$21.6m, F20 +$41.7m

Inventory analysis

Inventory at book value split by segment[1,2]



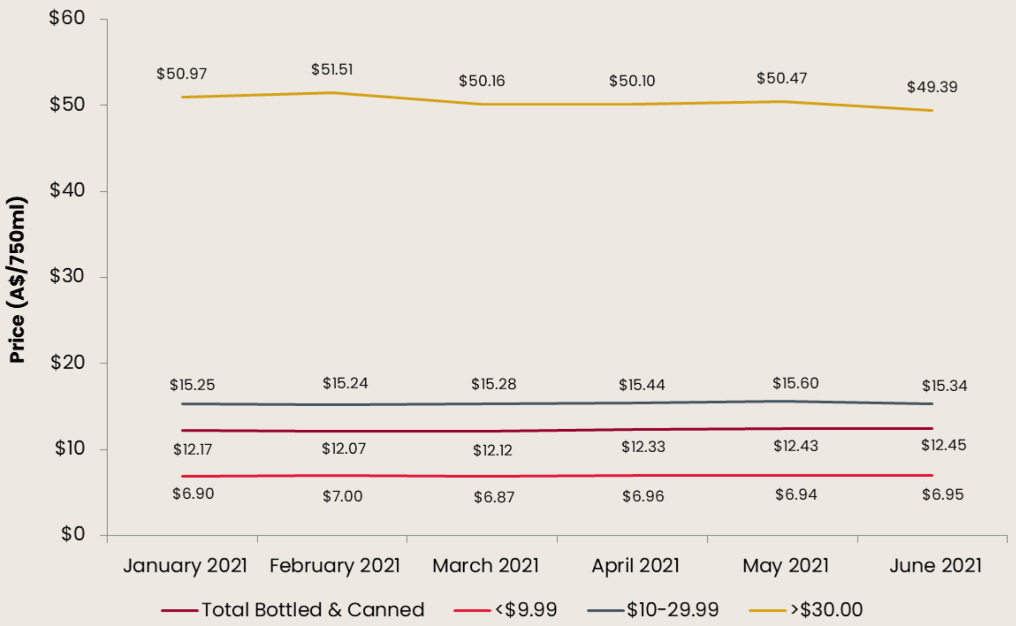
- Total inventory **volume** in line with the prior year
- Total inventory **value** declined $180.1m, or 9%, to $1,896.5m:
  - Excluding the impact of the stronger Australian dollar, total inventory value declined $105.0m
  - Current inventory declined $177.7m to $839.7m and includes the reduction in inventories following the divestment of US Commercial portfolio brands
  - Non-current inventory was broadly in line with the prior year, with the carry forward of Luxury inventory that had been allocated for sale in Mainland China and the higher yielding, lower cost 2021 vintage in Australia largely offset by the lower 2020 vintage in California
- Luxury inventory value declined 2% to $1,072.3m with volume in line with the prior year

1. Inventory composition subject to rounding. Totals based on sum of Non-Current and Current Inventory
2. TWE participates in three price segments: Luxury (A$30+), Premium (A$10-A$30) and Commercial (below A$10). Segment price points are retail shelf prices

Australian industry conditions

- Local retail demand conditions are positive, with category growth and pricing trends remaining constant[1]
- Key export markets continue to perform well, supporting continued demand for Australian wine[2]
- TWE has proactively managed its inventory position through the recent Australian vintage. Luxury intake will support future growth plans, particularly for Penfolds Bins & Icons, following the smaller 2020 vintage
- Maintained a prudent financial position with respect to future inventory risks
- TWE will continue to closely monitor global demand trends and will adjust its intake for the upcoming Australian vintages in 2022 and 2023, as required. :
  - Bringing forward vineyard redevelopment programs to reduce intake from TWE's own asset base in the short-term, while positioning for growth again in the long-term
  - Reviewing upcoming grower contract renewals

Australian retail pricing remains stable[1]



1. IRI Australia Market Edge, Liquor unweighted, MAT to 27 June 2021
2. Wine Australia Export Report, 12 months to June 2021

TWE

Cash flow and net debt[1]

A$m	F21	F20 Restated
EBITDAS	**661.0**	**675.9**
Change in working capital	(60.3)	(22.2)
Other items	65.6	(14.9)
Net operating cash flows before financing costs, tax & material items	**666.3**	**638.8**
Cash conversion	**100.8%**	**94.5%**
Payments for capital expenditure and subsidiaries	(121.2)	(166.9)
Proceeds from sale of assets	4.8	100.2
Cash flows after net capital expenditure, before financing costs, tax & material items	**549.9**	**572.1**
Net interest paid	(72.3)	(84.1)
Tax paid	(118.4)	(168.0)
Cash flows before dividends & material items	**359.2**	**320.0**
Dividends/distributions paid	(158.7)	(276.3)
Cash flows after dividends before material items	**200.5**	**43.7**
Material item cash flows	53.1	(19.8)
On-market share purchases	0.9	(4.9)
Total cash flows from activities (before debt)	**254.5**	**19.0**
Net (repayment) / proceeds from borrowings	(245.8)	28.8
Total cash flows from activities	**8.7**	**47.8**

Opening net debt	**(1,434.2)**	**(1,380.0)**
Total cash flows from activities (above)	254.5	19.0
Net lease liability additions	(18.7)	(41.3)
Net debt acquired	-	(4.9)
Debt revaluation and foreign exchange movements	140.7	(27.0)
(Increase) / Decrease in net debt	**376.5**	**(54.2)**
Closing net debt	**(1,057.7)**	**(1,434.2)**

Continued strong operating cash flow performance

- Cash conversion of 100.8% reflects continued strong operating cash flow performance, a lower California vintage intake and an adjusted Australian vintage intake, in addition to the shift in regional sales mix in Asia
- Net Debt[2] declined $376.5m to $1,057.7m in F21, inclusive of $140.7m favourable currency movement
- TWE targets cash conversion of 90% or higher for each full financial year, excluding the annual change in non-current Luxury and Premium inventory
  - Excluding the net change in non-current Luxury and Premium inventory, cash conversion was 96.9%

1. All cash flow percentage or dollar movements from the previous corresponding period are on a reported currency basis
2. Net debt *excludes* fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of US Private Placement Notes: F21 +$21.6m, F20 +$41.7m

Capital expenditure

A$m	F21	F20 Restated
IT spend	10.7	16.2
Oak purchases	3.8	2.4
Vineyard redevelopments	14.9	30.8
Upgrades to wine making equipment and facilities	20.2	25.3
Other capital expenditure	5.6	7.9
Total maintenance and replacement capex	**55.2**	**82.6**
Growth initiatives	66.0	49.0
Vineyard & winery acquisitions	0.0	35.3
Total growth capex	**66.0**	**84.3**
Gross capital expenditure	**121.2**	**166.9**
Net lease additions	18.7	41.3

Disciplined approach to capital allocation balancing investment to support future growth

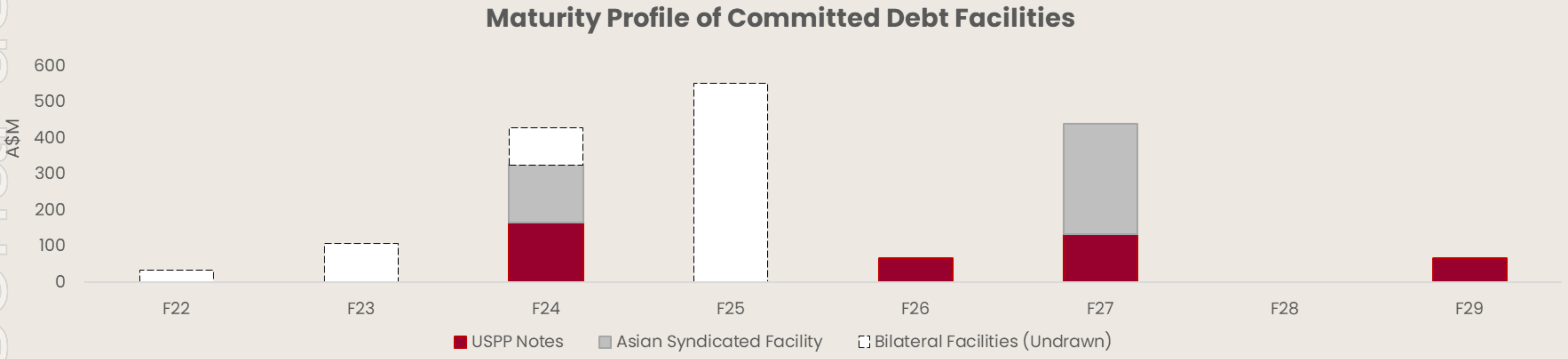
- Capital expenditure (capex) $121.2m in F21, including:
  - Maintenance & replacement capex of $55.2m[1]
  - Growth capex of $66.0m, including investments in South Australian Luxury wine making infrastructure in addition to long-term technology investments
- F22 full year capex is expected to be approximately $150m, comprising:
  - Maintenance and replacement capex up to $100m, including vineyard redevelopment plans
  - Growth capex of up to $50m
- South Australian winemaking investment is well progressed, and will be available for the 2022 Australian vintage as planned
- TWE is prioritising investment in technology and its Luxury winemaking asset base in Bordeaux, France

1. TWE intends to maintain leasing arrangements for the majority of oak requirements, however per AASB16 Leases, these are deemed low value assets and therefore not treated as a lease liability

Capital Management

Leverage significantly improved, further enhancing our flexible and efficient capital structure

- Investment grade credit metrics maintained:
  - Net Debt / EBITDAS[1] 1.6x at F21 (F20: 2.1x) inclusive of leases and 0.9x excluding leases
  - Interest cover of 11.9x at F21 (F20: 10.1x)
- TWE expects Net Debt / EBITDAS to remain below its 2.0x through the cycle target
- Total available liquidity $1.2bn, comprising cash $448.1m and undrawn committed facilities of approximately $794m
- Strong capital structure and liquidity position supports the maintenance of TWE's long-term dividend policy
  - F21 final dividend of 13.0 cents per share declared, fully franked, up 62.5% on F20 final dividend
  - Represents a 65% NPAT payout ratio for F21[2]



1. Ratio of Net Debt to EBITDAS, includes the addition of depreciation expenses attributable to leases in the period per *AASB16 Leases*
2. TWE targets a dividend payout ratio of 55-70% of NPAT (pre-material items and SGARA) over a fiscal year

TWE

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Regional Performance

Tom King Managing Director, Penfolds

Ben Dollard President, Treasury Americas

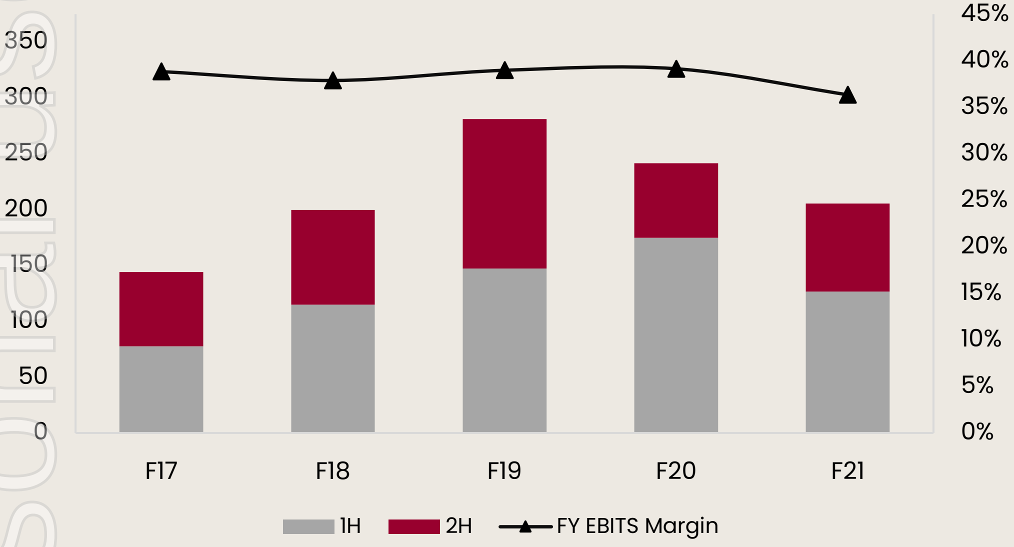
Peter Neilson Managing Director, Treasury Premium Brands

Asia

Regional performance[1]

A$m	F21	F20 Restated	%	F20 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	565.3	617.1	(8.4)%	615.1	(8.1)%
NSR per case (A$)	248.15	187.78	32.1%	187.17	32.6%
EBITS (A$m)	205.4	241.5	(14.9)%	248.2	(17.2)%
EBITS margin (%)	36.3%	39.1%	(2.8)ppts	40.3%	(4.1)ppts

Historical EBITS and margin performance[2]



Business headlines

- EBITS declined 17.2% and EBITS margin declined 4.1ppts to 36.3%:
  - Volume and NSR declines of 30.7% and 8.1% respectively reflecting lower shipments to Mainland China and ongoing pandemic disruptions to key sales channels in the region
  - Excluding one-off costs, EBITS margin was broadly in line with high-30% target
- Strong growth achieved for Penfolds Bins & Icons in key regional markets, including Singapore, Malaysia, Hong Kong and Thailand; Penfolds Bins & Icons NSR (ex-Mainland China) grew 38% in F21
- In Mainland China, TWE will continue to invest in the Penfolds brand in addition to progressing the multi-COO portfolio growth strategy; minimal EBITS contribution is expected in F22

F21 Luxury and Premium contribution to Asia NSR **94%** ▲ 5ppts vs. pcp

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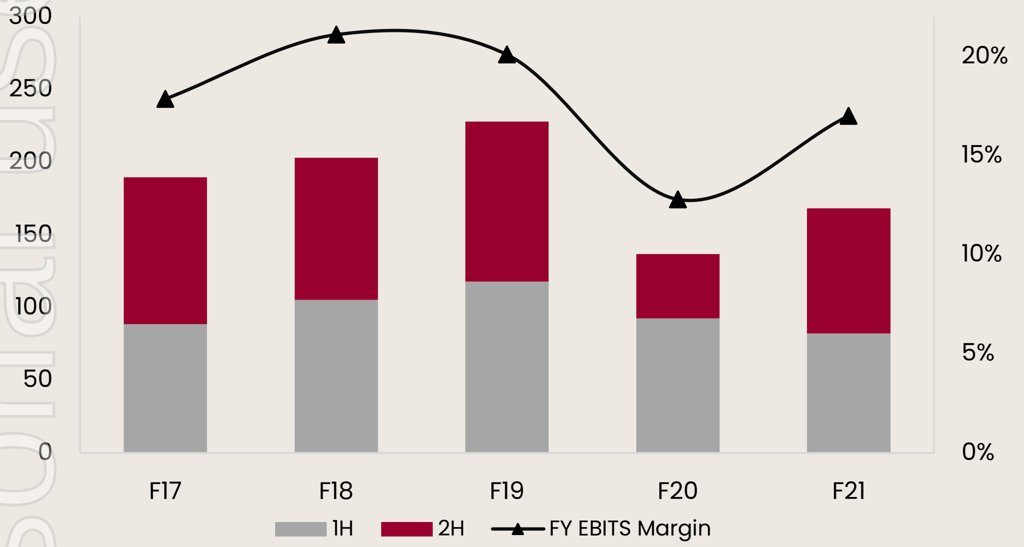
2. On a reported currency basis

Americas

Regional performance[1]

A$m	F21	F20 Restated	%	F20 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	988.7	1,069.4	(7.5)%	970.3	1.9%
NSR per case (A$)	87.12	86.06	1.2%	78.08	11.6%
EBITS (A$m)	168.3	136.9	22.9%	109.2	54.1%
EBITS margin (%)	17.0%	12.8%	4.2ppts	11.3%	5.7ppts

Historical EBITS and margin performance[2]



Business headlines

- EBITS increased 54.1% and EBITS margin increased 5.7ppts to 17.0%:
  - Volume declined 8.7% and NSR increased 1.9%, reflecting strong growth in the retail and e-commerce channels in addition to the divestment of US Commercial portfolio brands in March 2021
  - On an organic basis[3], shipments and NSR increased 9.5% and 11.3% respectively
- TWE's focus brand portfolio is continuing its strong momentum, growing 23% in F21 and outperforming the category led by 19 Crimes, Penfolds, Beringer Brothers, Matua and St Huberts The Stag[4]
- TWE has implemented significant changes to its business model in the United States, including RTM changes in California and Texas, and is continuing to progress initiatives focused on the divestment and exit of other non-priority brands and assets

F21 Luxury and Premium contribution to Americas NSR **80%** ▲ 9ppts vs. pcp

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2. On a reported currency basis.
3. On a constant currency basis, excluding US Commercial portfolio brands divested in March 2021
4. IRI Market Advantage, MULO+Conv; Still Wine Segment 52 wks ending 27 June 2021

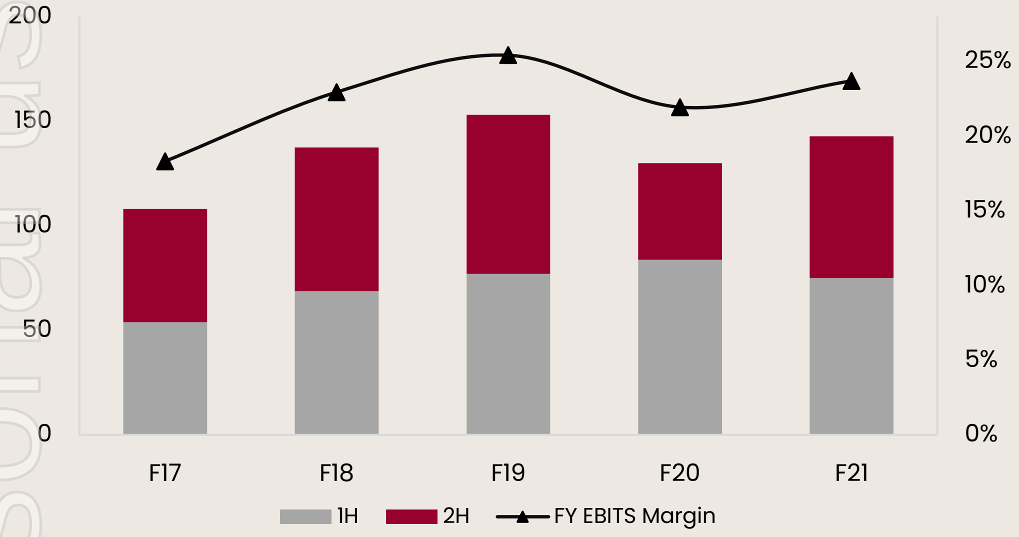
TWE

ANZ

Regional performance[1]

A$m	F21	F20 Restated	%	F20 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	602.1	592.4	1.6%	591.8	1.7%
NSR per case (A$)	83.88	76.12	10.2%	76.04	10.3%
EBITS (A$m)	142.7	130.1	9.7%	138.4	3.1%
EBITS margin (%)	23.7%	22.0%	1.7ppts	23.4%	0.3ppts

Historical EBITS and margin performance[2]



Business headlines

- EBITS increased 3.1% and EBITS margin increased 0.3ppts to 23.7%:
  - Volume declined 7.8% and NSR increased 1.8%, reflecting increased contribution from the Luxury and Premium portfolios, price uplift across select Premium brands and reduced contribution from the Commercial portfolio
  - Higher COGS per case driven by higher cost vintages for Australian sourced wine and incremental costs associated with wine that had been intended for sale in Mainland China
- TWE's focus brand portfolio continues to perform strongly, led by Pepperjack, St Huberts The Stag, Wynns, 19 Crimes and Squealing Pig[3]
- Penfolds Bins & Icons delivered strong gains through F21, with NSR up 15%, setting a solid platform for future growth

F21 Luxury and Premium contribution to ANZ NSR **78%** ▲ 3ppts vs. pcp

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2. On a reported currency basis
3. Aztec sales value data, bottle and canned wine only. Australia liquor weighted, 52 weeks to 6 June 2021

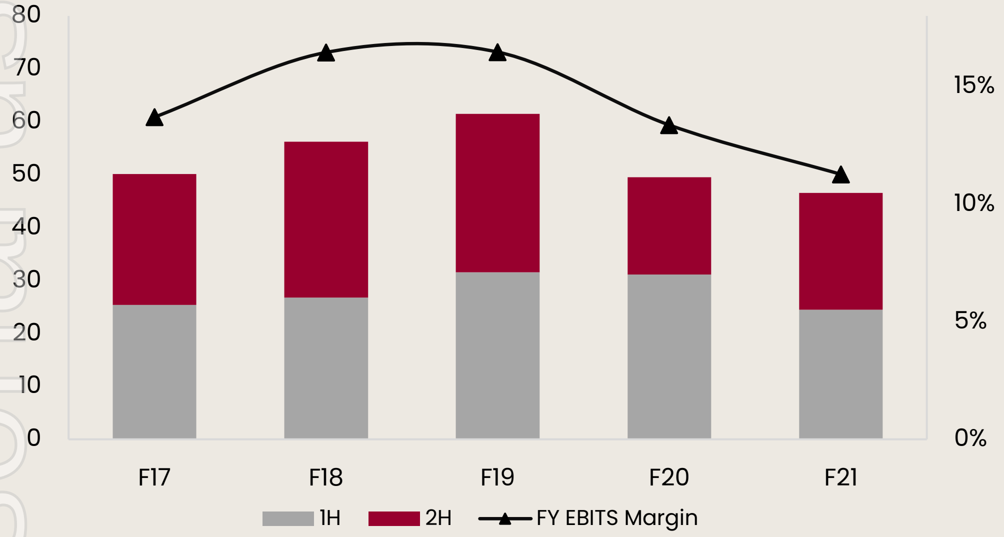
TWE

EMEA

Regional performance[1]

A$m	F21	F20 Restated	%	F20 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	413.5	370.6	11.6%	358.2	15.4%
NSR per case (A$)	41.99	41.81	0.4%	40.41	3.9%
EBITS (A$m)	46.6	49.5	(5.9)%	46.0	1.3%
EBITS margin (%)	11.3%	13.4%	(2.1)ppts	12.8%	(1.5)ppts

Historical EBITS and margin performance[2]



Business headlines

- EBITS increased 1.3% and EBITS margin declined 1.5ppts to 11.3%:
  - Volume and NSR increased 11.1% and 15.4% respectively, led by growth in the Premium portfolio through retail channels across the UK and Continental Europe
  - Higher COGS per case reflects portfolio mix shift, higher cost on Australian and US sourced wine and one-off Brexit related costs
  - CODB rose due to accelerated brand investment
- Key focus brands including 19 Crimes, Penfolds, Matua, Wolf Blass, Blossom Hill, Lindeman's and Squealing Pig all delivered strong growth in F21
- 19 Crimes has been a standout success, becoming a 1m+ case brand across the region

F21 Luxury and Premium contribution to EMEA NSR **42%** ▲ 7ppts vs. pcp

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Outlook

Tim Ford Chief Executive Officer

F22 Group priorities

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

TWE 2025 — **The world's most admired premium wine company**

Divisional priorities

Penfolds

- 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

Summary and outlook

- F21 was a year of significant change and achievement, with strong execution delivering organic[1] top-line and EBITS growth, in addition to continued premiumisation in each region

- In F22, we are positive on our outlook across key markets outside of Mainland China and will be focused on continuing the strong momentum of the Premium portfolio in addition to executing plans to drive growth for Penfolds Bins & Icons
  - Short-term impacts to trading conditions from the global pandemic remain uncertain, with the recovery of key sales channels to be an important enabler of future Luxury portfolio growth
  - COGS per case are expected to remain elevated

- We have entered a new phase under our brand led divisional model, with each division focused on their own unique strategic priorities and performance accountabilities, leaving us well positioned to take advantage of previously untapped growth opportunities

- Our financial objective is to deliver sustainable top-line growth and high-single digit average earnings growth over the long-term[2]

1. On a constant currency basis, excluding US Commercial brands divested in March 2021
2. Organic, pre material items and on a constant currency basis. Continuation of COVID-19 related disruptions to key sales channels for luxury wine may influence short-term performance

TREASURY
WINE ESTATES

Questions

TREASURY
WINE ESTATES

Supplementary Information

Volume

Volume m 9Le	F21	F20	%
Americas	11.3	12.4	(8.7)%
Asia	2.3	3.3	(30.7)%
ANZ	7.2	7.8	(7.8)%
EMEA	9.8	8.9	11.1%
TWE Volume	**30.6**	**32.4**	**(5.3)%**

- **Americas:** Decline in volume for the Americas of 8.7% driven by reduced Commercial volumes following the divestment of US Commercial brands, partly offset by strong performance across the Premium portfolio
- **Asia:** Volume declines in Asia resulting from the implementation of import duties by MOFCOM. Outside of Mainland China volume rose 7.7% despite ongoing pandemic restrictions to key Luxury sales channels
- **ANZ:** Decrease in volume in ANZ was driven by a 15.1% reduction in Commercial volumes, partly offset by growth in Luxury and Premium volume across TWE's focus brands portfolio
- **EMEA:** Increase in volume for EMEA driven by growth in the Premium portfolio through retail channels across the UK and Continental Europe

Impact of foreign exchange and hedging

F21 constant currency impact

CFX Impact (A$m)			
Currency	**Underlying**	**Hedging[1]**	**Total**
AUD/USD and AUD/GBP	(45.5)	12.5	(33.0)
Net other currencies	17.1	(0.1)	17.0
F21	**(28.4)**	**12.4**	**(16.0)**
AUD/USD and AUD/GBP	34.0	(3.4)	30.6
Net other currencies	(9.6)	0.0	(9.6)
F20	**24.4**	**(3.4)**	**21.0**

- $(16.0)m adverse constant currency impact in F21 (comprising transaction and translation impacts)
- TWE has a diversified portfolio of currency exposures where production cost currencies and revenue generating currencies are not matched
  - $(45.5)m adverse impact from appreciation of the AUD relative to the main currency pairs (USD and GBP), offset by $17.1m benefit largely reflecting movements in TWE's primary revenue currencies[2]
  - $12.4m relative impact from hedging in F20 versus the prior year ($6.8m realised gain in F21 vs $5.6m loss in the prior year based on constant currency basis)

F22 EBITS sensitivity and risk management

Currency Pair	Primary Exposure	Movement	EBITS Sensitivity (A$m)
AUD/USD	COGS, EBITS	+1%	(3.7)
AUD/GBP	COGS, EBITS	+1%	(1.2)
CAD/USD	NSR	+1%	0.9
EUR/GBP	NSR	+1%	0.6
USD/GBP	COGS	+1%	(0.3)

- The sensitivity of EBITS to a 1% change in primary cost and revenue currencies is shown in the accompanying table (excludes potential impact of currency hedging)
- TWE maintains an active foreign exchange risk management strategy, focused on the transactional exposures associated with the Commercial and lower Premium price segments:
  - AUD/GBP c.50% of F22 exposure protected against appreciation of the exchange rate above 0.55
  - AUD/USD: c.77% of F22 exposure protected against appreciation of the exchange rate above 0.74

1. CFX hedging impact relative to the prior year
2. USD relative to the CAD in the Americas, GBP relative to the EUR, SEK and NOK in Europe

Impact of cloud computing accounting policy changes

Group profit and loss impact

	F18			F19			F20		
$Am (unless otherwise stated)	**Reported**	**Adjustment**	**Restated**	**Reported**	**Adjustment**	**Restated**	**Reported**	**Adjustment**	**Restated**
Net sales revenue	2,429.0	-	2,429.0	2,831.6	-	2,831.6	2,649.5	-	2,649.5
NSR per case ($)	*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	(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%*	-	*21.8%*	*19.8%*	*0.5ppts*	*20.3%*	*21.0%*	*0.8ppts*	*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%*	-	*22.4%*	*24.1%*	*(0.6)ppts*	*23.5%*	*20.1%*	*(0.8)ppts*	*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)**	**300.4**
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

Impact of cloud computing accounting policy changes (continued)

Regional EBITS impact

	F18			F19			F20		
EBITS A$m	Reported	Adjustment	Restated	Reported	Adjustment	Restated	Reported	Adjustment	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**

Financials by division

A$M, reported	Penfolds			Treasury Premium Brands			Treasury Americas			Corporate		
	F21	F20	%	F21	F20	%	F21	F20	%	F21	F20	%
Volume	**2.2**	**2.5**	**(8.7)%**	**17.2**	**17.6**	**(2.4)%**	**11.2**	**12.3**	**(8.8)%**	-	-	-
NSR	**788.9**	**765.2**	**3.1 %**	**840.7**	**869.7**	**(3.3)%**	**940.0**	**1,014.6**	**(7.4)%**	-	-	-
ANZ	199.2	178.2	11.8 %	402.9	414.2	(2.7)%	-	-	-	-	-	-
Asia	498.6	492.5	1.2 %	66.7	124.6	(46.5)%	-	-	-	-	-	-
Americas	48.6	54.7	(11.2)%	-	-	-	940.0	1,014.6	(7.4)%	-	-	-
EMEA	42.4	39.8	6.8 %	371.1	330.9	12.1 %	-	-	-	-	-	-
NSR per case	*352.6*	*312.2*	*12.9 %*	*48.9*	*49.4*	*(1.0)%*	*83.8*	*82.6*	*1.6 %*	-	-	-
EBITS	**346.2**	**362.6**	**(4.5)%**	**62.7**	**78.4**	**(20.0)%**	**154.1**	**117.0**	**31.7 %**	**(52.7)**	**(45.4)**	**(16.1)%**
EBITS Margin	*43.9%*	*47.4%*	*(3.5)ppts*	*7.5%*	*9.0%*	*(1.5)ppts*	*16.4%*	*11.5%*	*4.9ppts*	-	-	-
Luxury and Premium (%NSR)	*100%*	*100%*	-	*53%*	*48%*	*5ppts*	*79%*	*69%*	*10ppts*	-	-	-

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Reconciliation of key performance measures

Metric (A$M unless otherwise stated)	Management calculation	F21	F20 Restated
EBITS	Statutory net profit	250.0	245.4
	Income tax expense	107.7	103.3
	Net finance costs	73.5	85.9
	Material items	88.5	36.6
	SGARA (gain) / loss	(9.4)	41.3
	EBITS	**510.3**	**512.6**
EBITDAS	EBITS	510.3	512.6
	Depreciation & Amortisation	150.7	163.3
	EBITDAS	**661.0**	**675.9**
EPS	Statutory net profit	250.0	245.4
	Material items	88.5	36.6
	Tax on material items	(22.4)	(10.4)
	SGARA	(9.4)	41.3
	Tax on SGARA	3.0	(12.5)
	NPAT (before material items & SGARA)	**309.7**	**300.4**
	Weighted average number of shares	721.4	719.9
	EPS	**42.9**	**41.7**
ROCE	EBITS	510.3	512.6
	Net assets	3,591.2	3,596.1
	SGARA in inventory	(32.2)	(18.0)
	Net debt	1,057.7	1,434.2
	Capital employed – Current year	**4,616.7**	**5,012.3**
	Net assets (CFX)	3,477.7	3,652.6
	SGARA in inventory (CFX)	(22.9)	(12.5)
	Net debt (CFX)	1,343.0	1,400.8
	Capital employed – Prior year (CFX)	**4,797.8**	**5,040.9**
	Average capital employed	4,707.3	5,026.6
	ROCE	**10.8%**	**10.2%**

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Definitions

Term	Definition
Cash conversion	Net operating cash flows before financing costs, tax and material items divided by EBITDAS
COO	Country of origin
CODB	Cost of doing business. Gross profit less EBITS. Excludes non-cash items as well as tax, the cost of the Group's capital structure and non-operating transactions as a measure of underlying operational costs
COGS	Cost of goods sold
Commercial wine	Wine that is sold at a price point below A$10 (or equivalent) per bottle
DTC	Direct to consumer
EPS	Earnings per share
EBITDAS	Earnings before interest, tax, depreciation, amortization, material items and SGARA
EBITS	Earnings before interest, tax, material items and SGARA
EBITS Margin	EBITS divided by net sales revenue
Exchange rates	Average exchange rates used for profit and loss purposed in the F21 results are: \$A1 = \$US 0.7472 (F20: \$A1 = \$US 0.6711), \$A1 = GBP 0.5547 (F20: \$A1 = GBP 0.5326), Period end exchange rates used for balance sheet items in F21 results are: \$A1 = \$US 0.7511 (F20: \$A1 = \$US 0.6874), \$A1 = GBP 0. 5426 (F20: \$A1 = GBP 0.5584)
Luxury wine	Wine that is sold at a price point above A$30 (or equivalent) per bottle
Material items	Items of income or expense which have been determined as being sufficiently significant by their size, nature or incidence and are disclosed separately to assist in understanding the Group's financial performance
Net debt to EBITDAS	Ratio of Net Debt to EBITDAS includes the addition of depreciation expense attributable to capitalised leases in the period per AASB 16 Leases
NPD	New product development
NSR	Net sales revenue
Premium wine	Wine that is sold at a price point between A$10 and A$30 (or equivalent) per bottle.
ROCE	Return on Capital Employed. EBITS divided by Capital Employed (at constant currency). Capital Employed is the sum of average net assets (adjusted for SGARA) and average net debt.
SGARA	Self-generating and re-generating assets. SGARA represents the difference between the fair value of harvested grapes (as determined under AASB 141 Agriculture) and the cost of harvest. The fair value gain or loss is excluded from Management EBITS so that earnings can be assessed based on the cost of harvested grapes, rather than their fair value. This approach results in a better reflection of the true nature of TWE's consumer branded and FMCG business and improved comparability with domestic and global peers.

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