2017

TREASURY WINE ESTATES

Interim 2017 Results

14 February 2017

TREASURY
WINE ESTATES

Michael Clarke

Chief Executive Officer

Result headlines[1,2,3,4]

- Reported net profit after tax $136.2m; more than double prior year
- Reported Earnings Per Share (EPS) 18.5 cents per share; more than double prior year
- Reported EBITS[5] $226.8m, up 59%; higher than F15 reported EBITS
- All regions delivered double digit EBITS growth in 1H17
- EBITS margin accretion reported; up 4.3ppts to 17.5%
- Strong cash conversion at 104%
- Interim dividend 13.0 cents per share, unfranked; 5 cents per share higher than the prior period (up 63%)
- Cumulative run-rate COGS savings of $56m from supply chain optimisation; $15m delivered in 1H17
- 2H17 EBITS expected to be broadly in line with 1H17[6]
- High-teens EBITS margin expected by F18
- Total cash synergies recognised from the acquisition of Diageo Wine to reach a run-rate of US$35m by F20
- Total COGS savings from Supply Chain Optimisation initiative to reach a run-rate of at least $100m by F20

1. *Financial information in this report is based on reviewed financial statements. Non-IFRS measures have not been subject to audit or review. The non-IFRS measures are used internally by management to assess the operational performance of the business and make decisions on the allocation of resources*
2. *Comparative balances have been restated to reflect the final purchase price allocation for the Diageo acquisition, reallocation of inter-regional corporate and IT costs, and a change in accounting standards relating to Agricultural Assets. Refer to Appendix 1*
3. *All figures and calculations are subject to rounding*
4. *All Result Headlines metrics disclosed on a reported currency basis*
5. *Earnings before interest, tax, SGARA and material items*
6. *Absent significant foreign exchange rate fluctuations*

Brand and marketing highlights in 1H17 – Chateau St Jean

Investment in standout packaging and appetite appeal, "French" inspired design cues

Brand and marketing highlights in 1H17 – Beringer

Introducing "Main & Vine by Beringer"

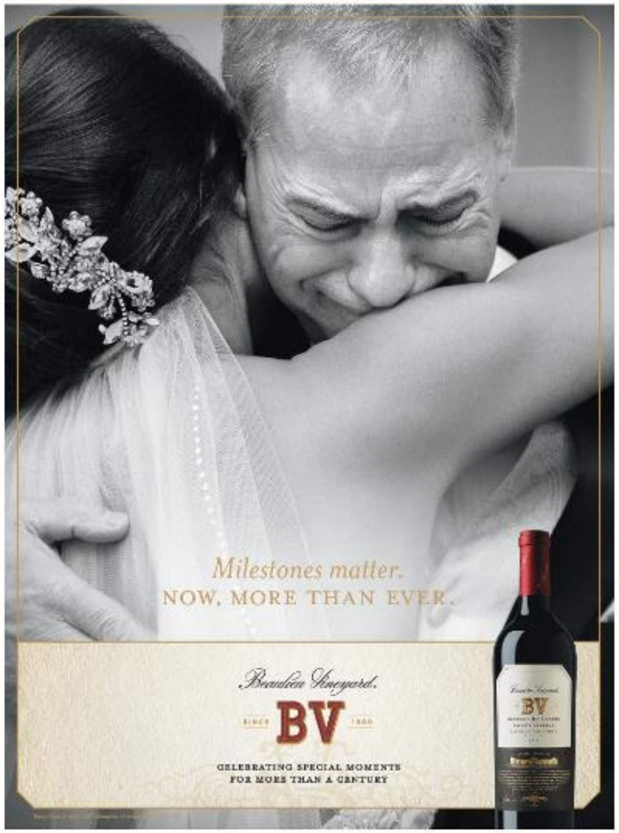
Commenced de-coupling of the Commercial tier and elevating the Luxury credentials of the Masterbrand

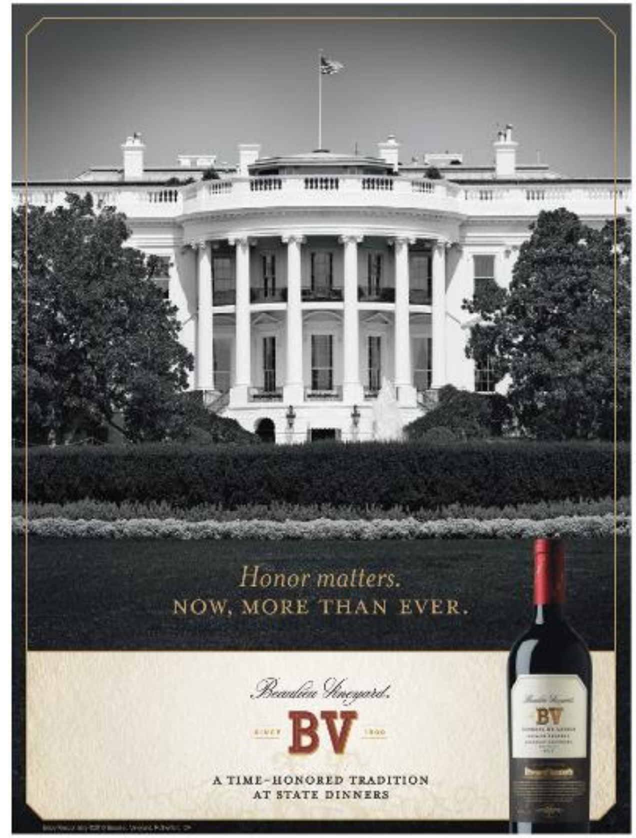
Brand and marketing highlights in 1H17 – Beaulieu Vineyard

Separation and de-coupling the Commercial tier and elevating the Luxury credentials of the Masterbrand

Brand and marketing highlights in 1H17 – Beaulieu Vineyard

New advertising campaigns taking ownership of the brand's enduring values



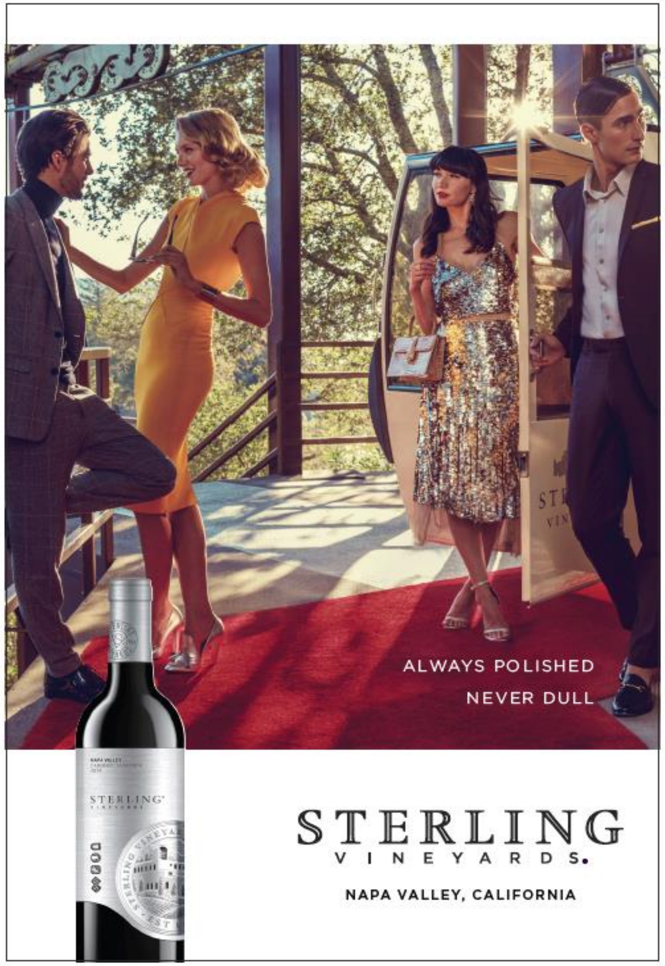


Honour Matters, Now more than ever

Brand and marketing highlights in 1H17 – Sterling Vineyards

Refreshed packaging bringing the Sterling Vineyards brand name and proposition to life

Brand and marketing highlights in 1H17 – Sterling Vineyards



"Always Polished, Never Dull"

Positioning the brand as an aspirational choice for the millennial consumer

TWE

Brand and marketing highlights in 1H17 – 19 Crimes

Red Blend | Cabernet Sauvignon | The Banished Dark Red | The Warden Red Blend | More to Come

Accelerating brand growth with bold product extensions with exciting innovation to come

Brand and marketing highlights in 1H17 – The Stag by St. Huberts

Victorian Chardonnay & Shiraz

North Coast, CA Cabernet

Argentinian Malbec

Globally sourcing The Stag by St. Huberts portfolio from Australia, North Coast CA and Argentina

TWE

Michael Clarke

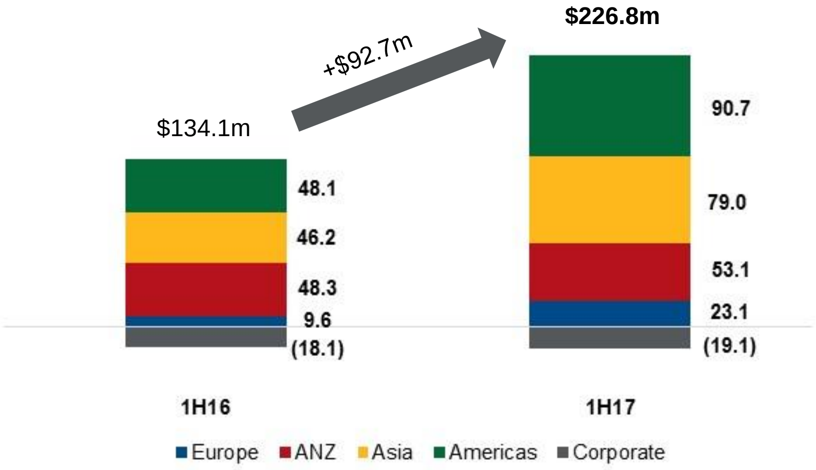
Chief Executive Officer

Gunther Burghardt

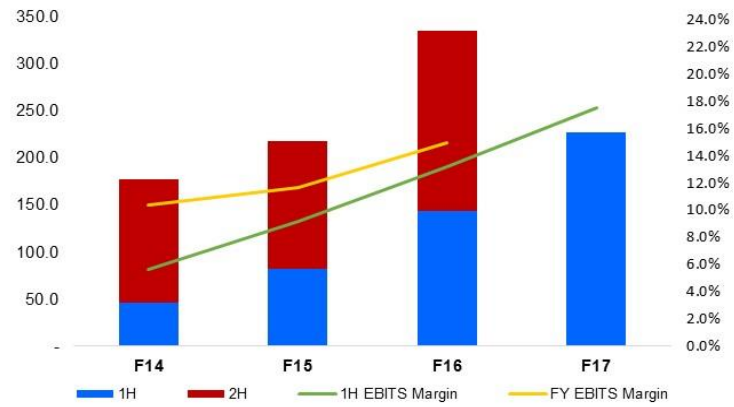
Chief Financial Officer

Profit & Loss[1]

EBITS growth and regional contribution



Historical EBITS and EBITS margin[2]



Accelerating momentum across all regions delivering strong interim result

- NPAT before material items and SGARA up $61.3m to $148.6m (+70%) principally driven by higher EBITS
- EBITS up 69% to $226.8m; all four regions delivered double digit EBITS growth
- SGARA loss of $10.5m (versus loss of $14.3m in pcp) principally driven by higher vintage costs associated with the 2016 Californian vintage in 1H17
- Higher net finance costs driven by increased average borrowings and assumption of finance leases post acquisition of Diageo Wine in 2H16
- Higher tax expense due to increased earnings, including the acquisition of Diageo Wine
- Material item expense (post tax) of $6.1m reflecting integration costs and implementation of supply chain optimisation in the US

1. *Unless otherwise stated all percentage or Dollar movements from prior periods are pre material items and on a constant currency basis*
2. *Stated on a reported currency basis*

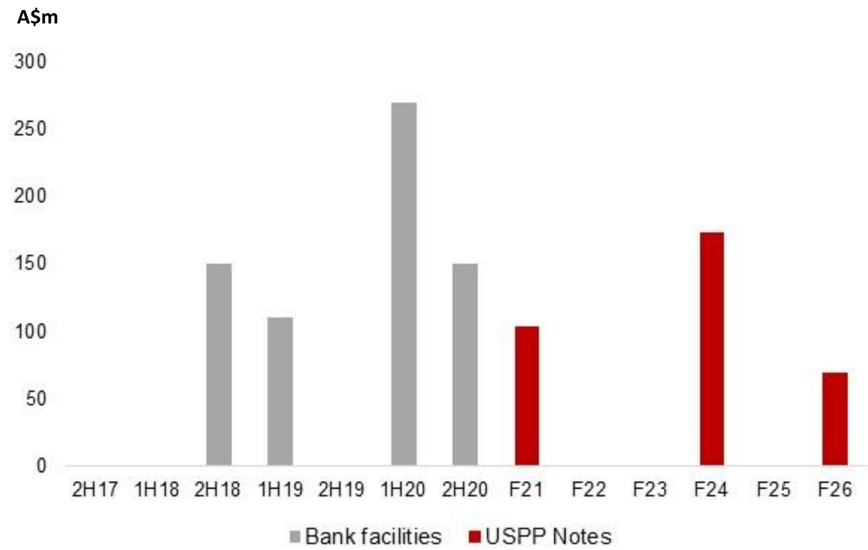
TWE

Balance Sheet[1]

Strong balance sheet maintained

A$m	1H17	F16	1H16
Cash & cash equivalents	339.9	256.1	1,101.2
Receivables	622.3	611.4	593.8
Current inventories	927.3	895.7	710.9
Non-current inventories	645.2	678.4	461.0
Property, plant & equipment	1,354.2	1,347.8	1,090.0
Agricultural assets	37.2	35.8	36.0
Intangibles	1,120.3	1,101.5	812.2
Assets held for sale	37.7	68.2	17.6
Other assets	261.3	291.6	191.3
Total assets	**5,345.4**	**5,286.5**	**5,014.0**
Payables	704.2	726.3	509.3
Borrowings	640.2	631.1	670.9
Provisions	78.3	83.1	105.9
Other liabilities	274.3	276.8	184.0
Total liabilities	**1,697.0**	**1,717.3**	**1,470.1**
Net assets	**3,648.4**	**3,569.2**	**3,543.9**

Committed debt facility maturity profile



TWE's balance sheet continues to provide the flexibility to pursue future value accretive opportunities

- Net assets up $104.5m principally reflecting the acquisition of Diageo Wine. Adjusting for movements in foreign currency, net assets increased $108.8m
- TWE continues to target financial metrics consistent with an investment grade credit profile
- Lower borrowings reflect repayment of US$125m Diageo Wine acquisition bridge facility in 2H16, partially offset by acquired finance leases
- Net debt [3] / EBITDAS, adjusted for operating leases 1.5x and interest cover of 16.0x[2]
- Weighted average term to maturity of committed facilities 3.9 years, with $473.2m undrawn
- Gross debt 75% fixed, 25% floating

1. *Unless otherwise stated all balance sheet percentage or Dollar movements from the previous corresponding period are on a reported currency basis*
2. *Interest cover calculated as the ratio of earnings to net interest expense, where earnings is the consolidated pre-tax profit (pre any material items and SGARA) plus the sum of the amount of net interest expense adjusted for amortised interest costs, per financial covenants*
3. *Borrowings increased by $3.6m (1H16: $5.3m, F16: $12.7m) to reflect a fair value hedge of a portion of US Private Placement notes*

TWE

Cash flow and net debt[1]

Excellent cash conversion maintained

A$m (unless otherwise stated)	1H17	1H16
EBITDAS	283.9	190.6
Change in working capital	12.8	42.5
Other items	(2.8)	6.2
Capital expenditure	(60.7)	(43.4)
Net investment expenditure/other	14.7	2.3
Net interest paid	(11.5)	(6.3)
Tax paid	(22.8)	(2.2)
Dividends/distributions paid	(88.6)	(52.1)
Material item cash flows	3.1	35.8
Issue of shares, less transaction costs	-	475.5
On-market share purchases	(18.3)	(4.6)
Total cash flows from activities	**109.8**	**644.3**
Opening net debt at 30 June	**(365.2)**	**(213.9)**
Total cash flows from activities (above)	109.8	644.3
Proceeds from settlement of derivatives	1.1	13.6
Debt revaluation and foreign exchange movements	(41.6)	(7.2)
Decrease in net debt	**69.3**	**650.7**
Closing net debt at 31 December	**(295.9)**	**436.8**

- Net debt[2] decreased $69.3m to $295.9m
- Other drivers of the movement in net debt include:
  - EBITDAS increased $93.3m on a reported currency basis
  - Favourable movement in working capital of $12.8m
- 1H16 net debt included proceeds received from the equity funding component of the Diageo Wine acquisition
- Cash conversion at 104%[3]

Continued investment in quality and an efficient asset base

A$m	1H17	1H16
IT Spend	2.9	9.2
Oak Purchases	15.7	7.6
Vineyard redevelopments	9.7	6.9
Upgrades to wine making equipment and facilities	4.4	3.3
Other Capex	9.9	7.3
Total maintenance and replacement capex	**42.6**	**34.3**
Supply Chain Optimisation initiative	2.5	9.1
Diageo Wine integration	15.6	-
Total capital expenditure	**60.7**	**43.4**
Oak barrels under sale and leaseback arrangements	(11.6)	-
Net capital expenditure	**49.1**	**43.4**

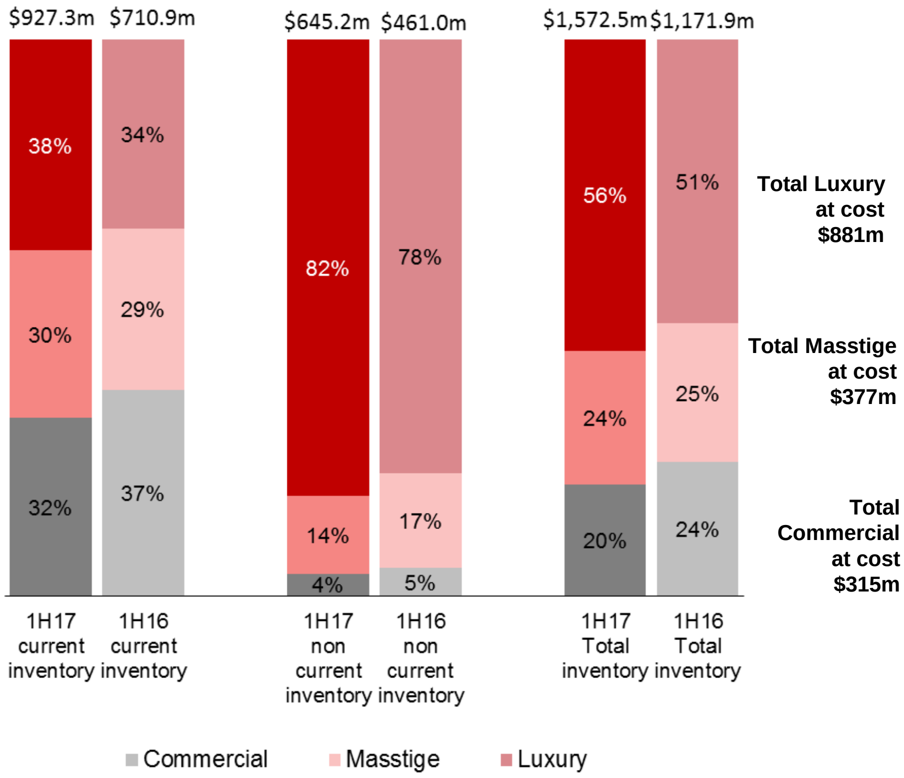
- Capital expenditure up $17.3m to $60.7m, driven by:
  - Continued investment in premiumisation activities; including investment in vineyard redevelopments and upgrades to Luxury wine making facilities
  - Integration of Diageo Wine
  - Offsetting oak purchases in 1H17 were barrels disposed under sale and leaseback arrangements of $11.6m
- Maintenance and replacement capital expenditure not expected to exceed $110m in F17
- Capital expenditure of circa $80m expected in F17 to deliver TWE's integration synergies of US$35m (run rate by F20)

1. *All cash flow percentage or Dollar movements from the previous corresponding period are on a reported currency basis*
2. *Borrowings increased by $3.6m (1H16: $5.3m, F16: $12.7m) to reflect a fair value hedge of a portion of US Private Placement notes*
3. *Cash conversion (Net operating cash flows before financing costs, tax and material items divided by EBITDAS)*

TWE

Inventory analysis

Inventory at book value split by segment – 1H17 & 1H16[1]



** TWE participates in three segments; Luxury (A$20+), Masstige (A$10-A$20) and Commercial (A$5-A$10). Segment price points are retail shelf prices*

Inventory continues to premiumise

- Total inventory increased $401m to $1,573m reflecting:
  - $184.2m increase in non-current inventory
  - $216.4m increase in current inventory
- Luxury inventory increased $283m to $881m in 1H17
- Factors impacting the movement in inventory included:
  - Outstanding 2016 vintages in Australia, the US and New Zealand
  - Acquisition of Diageo Wine in 2H16
  - Increase in Current Luxury inventory driven by strong inventory mix and robust demand for TWE's Luxury wine portfolio, globally
  - Continued focus on optimising TWE's inventory mix; reducing Commercial and lower-end Masstige inventory holdings, ongoing SKU rationalisation and shift to an outsourced model for Commercial wine in the US
  - TWE divested the NPC[2] brand portfolio in July 2016; comprising c.1m cases sold annually
- Inventory mix allows TWE to be in a strong position to deliver continued earnings and margin growth in F19 and beyond

1. *Inventory composition subject to rounding. Totals based on sum of Non-Current and Current Inventory*
2. *Divested NPC brands include: Little Penguin, Stone Cellars, Cellar No 8, Colores Del Sol, Black Opal, Century Cellars, Great American Wine Company, Chateau La Paws, Once Upon A Vine, Rosenblum, Snapdragon and Orogeny*

Angus McPherson | ANZ

Robert Foye | Europe & Asia

Bob Spooner | Americas

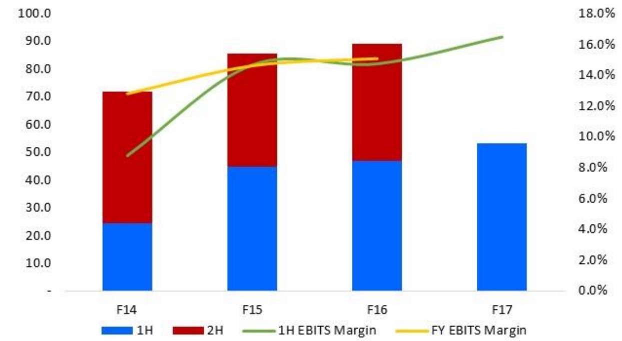
Michael Clarke | Summary & Outlook

Australia & New Zealand

ANZ regional performance

A$m	1H17	1H16	%	1H16	%
		Reported currency		Constant currency	
Volume (m 9Le)	4.2	4.2	0.3%	4.2	0.3%
NSR (A$m)	322.8	318.1	1.5%	319.3	1.1%
NSR per case (A$)	77.25	76.37	1.2%	76.66	0.8%
EBITS (A$m)	53.1	46.9	13.2%	48.3	9.9%
EBITS margin (%)	16.4%	14.7%	1.7ppts	15.1%	1.3ppts

Historical EBITS & EBITS margin performance[1]



Strengthening category leadership position by investing in strategic partnerships with category growth solutions and outstanding consumer insights

- Achieved adjusted volume growth of 2% in Australia; more than double the bottled wine category[2]
- Portfolio premiumisation and enhanced price realisation underpinned positive NSR per case, led by Penfolds, Pepperjack, Wynns and Annie's Lane in 1H17
- Strengthened partnerships with strategic accounts in 1H17 underpinned by continued, industry-leading consumer insights and category growth solutions
- 2016 Penfolds Collection launch at Magill Estate in October 2016 and Wolf Blass brand activations through AFL Footy Finals, "*The Chase*" campaign and *Bromley* By Wolf Blass were key brand building highlights in 1H17
- Regional Gems portfolio delivered above category volume growth in 1H17, supported by relaunch of T'Gallant Sparkling range and launch of St Hubert's The Stag
- Lower CODB margin in 1H17 supported by continued focus on reducing costs, optimised brand building investment and NSR growth
- EBITS growth and EBITS margin accretion delivered in 1H17
- EBITS margin accretion expected in 2H17 driven by continued momentum, margin accretive innovation, strengthening customer partnerships and ongoing focus on managing costs

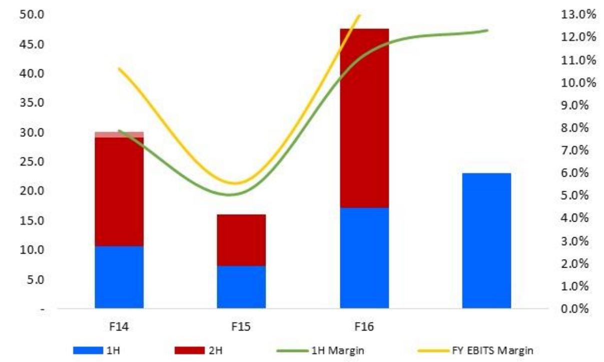
1. *Presented on a reported currency basis*
2. *TWE deliberately reallocated Australian customers who serviced Asia to the Asia region. Source: Aztec Sales Data | Off-premise Channel Only | Bottled Wine Only | Scan MAT to January 2017 & Management estimates*

Europe

Europe regional performance

A$m	1H17	1H16	%	1H16	%
		Reported currency		Constant currency	
Volume (m 9Le)	5.0	3.4	47.2%	3.4	47.2%
NSR (A$m)	187.5	153.2	22.4%	132.7	41.3%
NSR per case (A$)	37.82	45.50	(16.9)%	39.41	(4.0)%
EBITS (A$m)	23.1	17.2	34.3%	9.6	NM
EBITS margin (%)	12.3%	11.2%	1.1ppts	7.2%	5.1ppts

Historical EBITS & EBITS margin performance[1]



Deliver sustainable volume and mix improvements, supported by targeted brand building investment, robust customer partnerships and remaining vigilant on costs

- Improved volume, NSR, EBITS and EBITS margin accretion driven by contribution from the acquired Diageo Wine
- SKU rationalisation initiative and continued category decline in the UK resulted in underlying volume headwinds in 1H17, partially offset by growth in Masstige tiers of Wolf Blass, Rosemount “Meal Matchers” and 19 Crimes
- Blossom Hill “*Share a little Loveliness*” and Wolf Blass “*Chase the Cap*” campaigns delivered enhanced brand awareness and increased in-store distribution in 1H17
- Strengthened customer partnerships supported by ongoing Joint Business Planning driving distribution gains across key brands
- Increased Cost Of Doing Business driven by acquired business more than offset by NSR growth in 1H17
- Movements in foreign exchange rates as a result of Brexit leading to higher COGS for Australian and US imported wine in F17, notably Blossom Hill
- Impact of Brexit on customer and consumer demand remains uncertain; cost and revenue mitigation plans in effect
- Continued category decline in the UK and a reduction in under-bond trading in response to changes introduced by HMRC in the UK to tighten-up the control of alcohol sales represent headwinds in 2H17

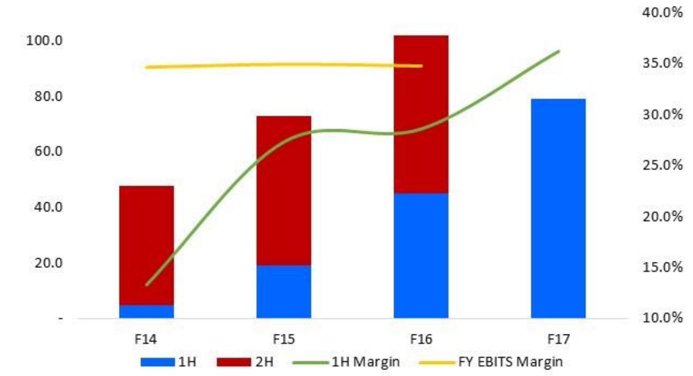
1. *Presented on a reported currency basis*

Asia

Asia regional performance

A$m	1H17	1H16	%	1H16	%
		Reported currency		Constant currency	
Volume (m 9Le)	1.7	1.2	38.5%	1.2	38.5%
NSR (A$m)	218.1	157.3	38.7%	156.6	39.3%
NSR per case (A$)	131.77	131.65	0.1%	131.07	0.5%
EBITS (A$m)	79.0	45.0	75.6%	46.2	71.0%
EBITS margin (%)	36.2%	28.6%	7.6ppts	29.5%	6.7ppts

Historical EBITS & EBITS margin performance[1]



Sustainable volume and EBITS growth supported by broadened portfolio and outstanding brand building campaigns and in-market execution

- Strong volume growth in North Asia (+27%) and SEAMEA (+65%) led by Australian brand portfolio, notably Penfolds, Rawson's Retreat and Blossom Hill
- Price increases across select brand tiers underpinned favourable NSR per case, despite broadened brand portfolio
- Investment in consumer marketing and on-the-ground sales and marketing capabilities to support new routes-to-market more than offset by strong NSR growth
- Winemaker visits, key customer events at Magill Estate, strategic sponsorships and in-store activation continuing to increase customer and consumer connections with TWE's Australian brand portfolio
- Refreshed US brand portfolio positioned for growth in 2H17 following official launch of 90+ collection in Shanghai in November; elevated brand investment to support US portfolio expected in 2H17
- New route-to-market established in Japan in January 2017 expected to step change growth in Asia's second largest wine market
- EBITS margin towards the higher end of the 30%-35% range expected in F17 driven by portfolio mix diversification, continued investment in marketing and sales presence, partially offset by optimised pricing and brand building investment

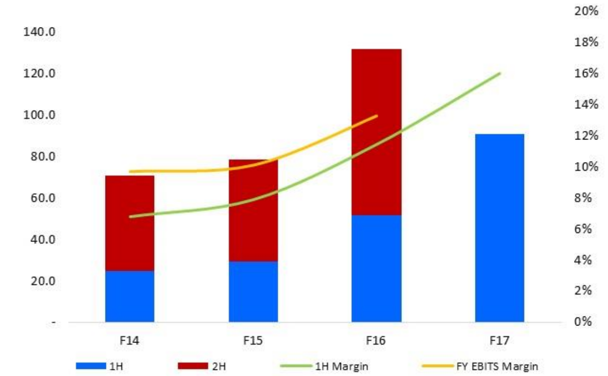
1. *Presented on a reported currency basis*

Americas

Americas regional performance

A$m	1H17	1H16	%	1H16	%
		Reported currency		Constant currency	
Volume (m 9Le)	7.9	7.1	12.6%	7.1	12.6%
NSR (A$m)	566.3	450.8	25.6%	433.3	30.7%
NSR per case (A$)	71.24	63.87	11.5%	61.39	16.0%
EBITS (A$m)	90.7	51.7	75.4%	48.1	88.6%
EBITS margin (%)	16.0%	11.5%	4.5ppts	11.1%	4.9ppts

Historical EBITS & EBITS margin performance[1]



Leverage investment in US brand portfolio, organisational capability and strengthened retail and distributor partnerships to deliver sustainable volume and profitability growth

- Volume and NSR up strongly driven by contribution of acquired Diageo Wine business, partially offset by divestment of non-priority Commercial portfolio in July 2016[2]
- Diageo Wine acquisition delivering strong portfolio mix benefits and EBITS margin accretion, despite significant uplift in brand building investment in 1H17
- Portfolio mix benefit more than offset incremental costs associated with building a stronger, fitter and bigger business in the US
- Re-set of US brand portfolio underpinned higher brand building investment recognised in 1H17; A&P per case increased 30%
- US brand portfolio now positioned for sustainable volume and value growth in 2H17; targeting volume and value growth in line with category in 2H17[3]
- Route-to-market change in Canada announced in January 2017 to facilitate increased market coverage and deliver cost efficiencies
- Continued margin accretion expected to be delivered by volume growth and portfolio premiumisation, enhanced returns from the Diageo Wine business, optimisation of brand investment and cost management

1. *Presented on a reported currency basis*
2. *Non-priority Commercial portfolio comprised approximately 1m cases sold annually*
3. Total Wine Category $4+ Table (excluding Box) in volume and value growth of 0.9% and 2.8%, respectively. Source: IRI Market Advantage, Table $4+ excluding Box and Aseptic Wine Size Package, 26 weeks ending 1/8/17, Total Multi Outlet + Liquor

TWE

Summary and outlook

- TWE is transitioning **from** an agricultural, order-taking company **to** a brand-led, high performance organisation
- Strong 1H17 result demonstrates execution of strategy and initiatives to deliver ongoing value accretion
- 2H17 EBITS expected to be broadly in line with 1H17, absent significant fluctuations in foreign exchange rates
- High-teens EBITS margin expected by F18
- Total cash synergies recognised from the acquisition of Diageo Wine to reach a run-rate of US$35m by F20
- Total COGS savings from its Supply Chain Optimisation initiative to reach a run-rate of at least $100m by F20
- Ongoing focus on delivering shareholder value accretion via ROCE improvement; delivered by earnings and Capital Employed optimisation

TWE

Questions


SEPPELT
ST. PETERS
GRAMPIANS SHIRAZ
SALTRAM
No.1
BAROSSA
PROSECCO
T'GALLANT
BRIGHT & ZESTY
RESERVE
PINOT NOIR
YARRA VALLEY
DEVIL'S LAIR
heemskerk
The Stag
BAILEYS of GLENROWAN
CLASSIC MUSCAT

Disclaimer

Treasury Wine Estates (TWE) advises that this presentation contains forward looking statements which may be subject to significant uncertainties outside of TWE’s control.

No representation is made as to the accuracy or reliability of forecasts or the assumptions on which they are based.

Actual future events may vary from these forecasts and you are cautioned not to place undue reliance on any forward looking statement.

Supplementary Information

Appendix 1: Prior year comparative reconciliation

Profit & Loss – 1H16

Group P&L

$Am (unless otherwise stated)	Previously reported	Change in accounting standard - SGARA	Reallocation of Corporate & IT costs	Restated
Volume (m 9L cases)	15.8	-	-	15.8
Net sales revenue	1,079.4	-	-	1,079.4
Other Revenue	58.6	-	-	58.6
Cost of goods sold	(733.7)	(4.0)	(2.0)	(739.7)
Gross profit	404.3	(4.0)	(2.0)	398.3
Cost of doing business	(257.5)	-	2.0	(255.5)
EBITS	**146.8**	**(4.0)**	**-**	**142.8**
SGARA	(14.8)	0.3	-	(14.5)
EBIT	**132.0**	**(3.7)**	**-**	**128.3**
Net finance costs	(7.5)	-	-	(7.5)
Tax expense	(36.9)	1.7	-	(35.2)
Net profit after tax (before material items)	**87.6**	**(2.0)**	**-**	**85.6**
Material items (after tax)	(26.9)	-	-	(26.9)
Non-controlling interests	(0.1)	-	-	(0.1)
Net profit after tax	**60.6**	**(2.0)**	**-**	**58.6**
Reported EPS (A¢)	8.8	(0.3)	-	8.5
Net profit after tax (before material items and SGARA)	**96.6**	**(2.3)**	**-**	**94.3**
EPS (before material items and SGARA) (A¢)	14.0	(0.3)	-	13.7
Average no. of shares (m)	690.7	-	-	690.7
Dividend (A¢)	8.0	-	-	8.0

Regional P&L

	Previously reported	Accounting standard change - SGARA	Reallocation of Corporate & IT costs	Restated
ANZ	46.7	(1.6)	1.8	46.9
Europe & LATAM	17.2	-	-	17.2
Asia	46.5	-	(1.5)	45.0
Americas	56.2	(2.4)	(2.1)	51.7
Corporate	(19.8)	-	1.8	(18.0)
TWE EBITS	**146.8**	**(4.0)**	**-**	**142.8**

TWE

Appendix 1: Prior year comparative reconciliation

Balance Sheet

Balance sheet as at 31 December 2015

A$m	Previously reported	Change in accounting standard - SGARA	Restated
Cash & cash equivalents	1,101.2	-	1,101.2
Receivables	593.8	-	593.8
Current inventories	710.9	-	710.9
Non-current inventories	461.0	-	461.0
Property, plant & equipment	961.3	128.7	1,090.0
Agricultural assets	255.5	(219.5)	36.0
Intangibles	812.2	-	812.2
Assets Held for Sale	17.6	-	17.6
Other assets	191.3	-	191.3
Total assets	**5,104.8**	**(90.8)**	**5,014.0**
Payables	509.3	-	509.3
Borrowings	670.9	-	670.9
Provisions	105.9	-	105.9
Other liabilities	212.8	(28.8)	184.0
Total liabilities	**1,498.9**	**(28.8)**	**1,470.1**
Net assets	**3,605.9**	**(62.0)**	**3,543.9**

Balance sheet as at 30 June 2016

A$m	Previously reported	Final purchase price accounting - Diageo	Change in accounting standard - SGARA	Restated
Cash & cash equivalents	256.1		-	256.1
Receivables	611.4		-	611.4
Current inventories	904.0	(8.3)	-	895.7
Non-current inventories	678.4	-	-	678.4
Property, plant & equipment	1,154.5	(13.1)	206.4	1,347.8
Agricultural assets	340.0	(2.2)	(302.0)	35.8
Intangibles	1,060.2	41.3	-	1,101.5
Assets Held for Sale	98.8	(30.6)	-	68.2
Other assets	273.8	17.8	-	291.6
Total assets	**5,377.2**	**4.9**	**(95.6)**	**5,286.5**
Payables	725.4	0.9	-	726.3
Borrowings	630.9	0.2	-	631.1
Provisions	80.4	2.7	-	83.1
Other liabilities	305.4	1.1	(29.7)	276.8
Total liabilities	**1,742.1**	**4.9**	**(29.7)**	**1,717.3**
Net assets	**3,635.1**	**-**	**(65.9)**	**3,569.2**

TWE

Impact of foreign exchange rate movements & hedging

1H17 constant currency impact

CFX Impact (A$m)			
Currency	**Underlying**	**Hedging[2]**	**Total**
AUD/USD and AUD/GBP	(20.9)	5.4	(15.5)
Net other currencies	7.0	(0.2)	6.8
1H17	**(13.9)**	**5.2**	**(8.7)**
AUD/USD and AUD/GBP	33.9	(0.8)	33.1
Net other currencies	(11.2)	-	(11.2)
1H16	**22.7**	**(0.8)**	**21.9**

- $(8.7)m adverse constant currency impact in 1H17 (comprising transaction and translation impacts)
- TWE has a diversified portfolio of currency exposures where production cost currencies and revenue generating currencies are not matched
  - $(20.9)m adverse impact from appreciation of the AUD relative to the main currency pairs (USD and GBP), offset by $7.0m benefit from appreciation of TWE's primary revenue currencies[1]
  - $5.2m relative benefit from hedging in 1H17 versus the prior year ($1.7m gain in 1H17 versus $3.5m loss in the prior year based on constant currency)

2H17 EBITS sensitivity and risk management

Currency Pair	Primary Exposure	Movement	EBITS Sensitivity (A$m)
AUD/USD	COGS, EBITS	+ 1%	(1.7)
AUD/GBP	COGS, EBITS	+ 1%	(0.6)
CAD/USD	NSR	+ 1%	0.6
EUR/GBP	NSR	+ 1%	0.4
USD/GBP	COGS	+ 1%	(0.3)

- The sensitivity of EBITS to 1% change in primary cost and revenue currencies shown in the accompanying table (excluding 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 Masstige price segments:
  - AUD/GBP: c.70% of 2H17 exposure protected against appreciation of the exchange rate above 0.54
  - AUD/USD: c.50% of 2H17 exposure protected against appreciation of the exchange rate above 0.79
  - Modest hedge positions in place for other currency exposures, with hedge positions structured to provide significant participation in favourable exchange rate movements

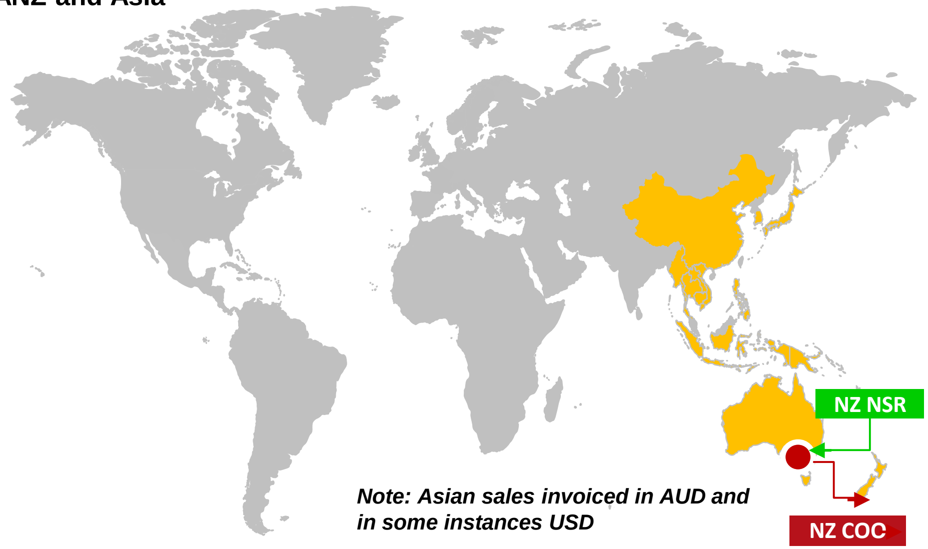
1. USD relative to the CAD in the Americas, GBP relative to the EUR, SEK and NOK in Europe

TWE

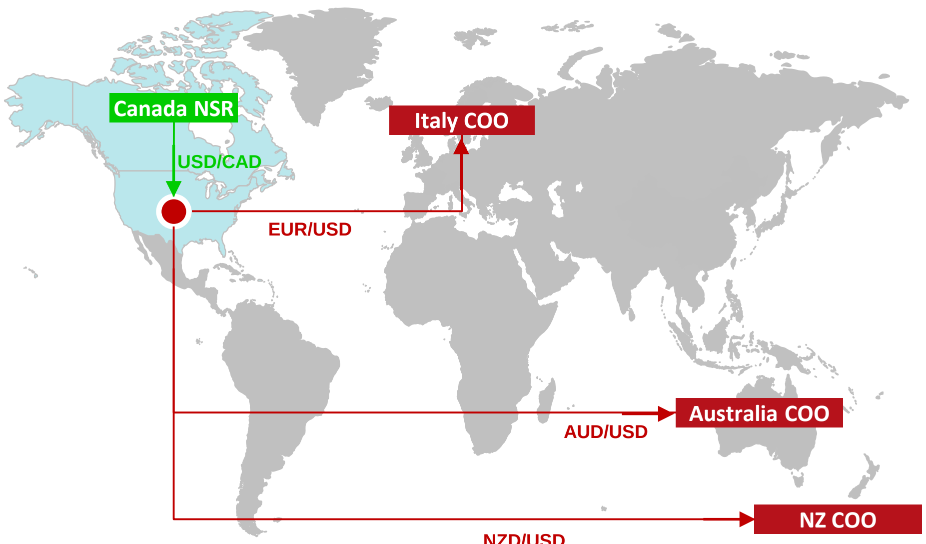
Foreign exchange exposures

- TWE has a diversified portfolio of currency exposures where production cost currencies and revenue generating currencies are not matched
- The map illustrate TWE's key transactional foreign exchange flows by region
- Moderate increase to cross border transactional exposures following Diageo Wine acquisition, with US denominated bulk wine sourcing for Blossom Hill the key incremental exposure

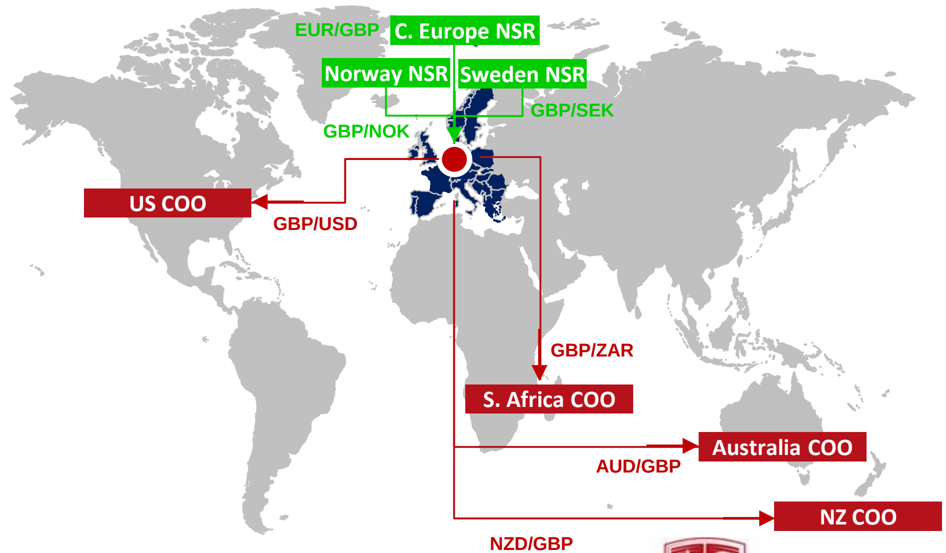
ANZ and Asia



Americas



Europe



Indicate cash flow direction

COO: Country of origin / production

NSR: Net sales revenue

Definitions

Term	Definition
Constant currency	Throughout this presentation, constant currency assumes current and prior period earnings of foreign operations are translated and cross border transactions are transacted at current year exchange rates
NSR	Net sales revenue
EBITDAS	Earnings before interest, tax, depreciation, amortisation, material items & SGARA
EBITS	Earnings before interest, tax, material items and SGARA
EBIT	Earnings before interest, tax and material items
Exchange rates	Average exchange rates used for profit and loss purposes in the 1H17 results are: $A1 = $US 0.7539 (1H16: $A1 = $US 0.7230), $A1 = GBP 0.5902 (1H16 $A1 = GBP 0.4713). Period end exchange rates used for balance sheet items in 1H17 results are: $A1 = $US 0.7219 (1H16: $A1 = $US 0.7288), $A1 = GBP 0.5887 (1H16: $A1 = GBP 0.4918)
SGARA	Australian accounting standard AASB141 "Agriculture." From 1 July 2016, changes to AASB 141 will apply in respect of vine assets. Vines will no longer be recorded at fair value, but will be recorded at cost and depreciated. Had the standard been applied in F16, depreciation expense would have been approximately $6.0 million higher. In F17, TWE expects the incremental depreciation charge to be approximately $15.5 million.
Shipment	Shipments refer to volume movement from TWE to a third party off-premise or on-premise distributor or retailer
Depletion	Depletions refer to volume movements from a distributor to an on-premise or off-premise retailer