



**TREASURY  
WINE ESTATES**

31 July 2017

**ASX ANNOUNCEMENT**

**Treasury Wine Estates reaffirms positive growth and margin outlook for Asia region**

In response to an analyst's comments on 31 July 2017 which potentially give rise to misleading statements, Treasury Wine Estates Ltd (ASX: TWE or "the Company") reaffirms its positive outlook for the imported wine market in China and TWE's performance in the region, notably in respect of pricing and profitability.

In particular, TWE clarifies the following:

1. TWE's volume growth and profitability in the region has been driven by significant route-to-market investment and outstanding brand building, supported by favourable imported wine market fundamentals in China. The Free Trade Agreement (FTA) entered into by Australia and China has not provided TWE with a one-off volume benefit. The FTA merely enhances the profitability of TWE's business model in China.
2. Significant opportunity for continued, sustainable growth exists in China as TWE expands into new, strategically important cities and provinces. At the same time, TWE is driving further growth in existing tier 1 & 2 cities as more A&B income earners enter the imported wine category and as TWE penetrates retail, wholesale, e-commerce, on-premise, convenience and Global Travel Retail channels. Significant opportunities continue to exist for TWE in tier 1 & 2 cities.
3. TWE expects the Asia region to deliver an EBITs margin of 30-35% on a sustainable basis underpinned by the Company's disciplined approach to driving Luxury and Masstige volume growth in North Asia, margin accretion across established brand portfolios and outstanding execution across all channels.
4. TWE expects to have significantly more Luxury and Masstige wine available for sale in F19 and beyond as the 2016 and 2017 Australian vintages and the 2016 Californian vintage becomes available for sale. In addition, with a multi-region sourcing model and by pursuing portfolio growth that spans multiple countries-of-origin, TWE is well positioned to satisfy growing demand for premium wine, globally.

TWE reiterates guidance provided at its interim 2017 result in February 2017, that 2H17 EBITs is expected to be broadly in line with 1H17. TWE remains in blackout until the Company announces its annual 2017 financial results to the market on 17 August 2017.

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