TREASURY
WINE ESTATES

18 October 2018 **ASX ANNOUNCEMENT**

Treasury Wine Estates Limited 2018 Annual General Meeting

Treasury Wine Estates Limited (ASX:TWE) will today address shareholders at its Annual General Meeting to be held in Melbourne and Hong Kong, commencing at 2:00pm Australian Eastern Daylight Time and 11:00am Hong Kong Time.

Attached is a copy of the address to be delivered by the Chairman, Paul Rayner and the address to be delivered by the Chief Executive Officer, Michael Clarke.

A live webcast of the Annual General Meeting can be viewed at www.tweglobal.com. An archive of proceedings will also be available from the website.

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2018 Annual General Meeting

Chairman's Address – Paul Rayner

It gives me great pleasure to say that fiscal 2018 represented yet another year of positive momentum for Treasury Wine Estates, and another year of strong financial results.

Fiscal 18 was what we have coined a 'foundation year' for our company – a period in which we established the optimal business models across all of our regions, along with the appropriate structure for distributor, retailer and wholesaler partnerships.

This foundation is now the bedrock for continuing our journey to being the world's most celebrated and only truly global wine company.

Our Chief Executive Officer, Michael Clarke will share more details shortly about the Company's financial results.

What is clear is that the strength of our earnings demonstrates the steadfast commitment of the Company to delivering against our strategy of premiumising the business – a strategy that has remained consistent for several years, and that clearly signifies our roadmap to success.

Growing our remarkable brands - one portfolio at a time - continued to be a focus throughout the year, as we drove success across our Australian, New Zealand and American country-of-origin portfolios, as well as more recently our French portfolio, led by Maison de Grand Esprit, which was released to the market less than a year ago.

The latest milestone in expanding our country-of-origin portfolios is the introduction of our new Italian wine brand, Cavaliere d'Oro, which offers a unique curation of wine from the very best winemaking regions across Italy, including Tuscany, Puglia and Sicily.

Looking to the success of our brands and highlights across the year – there are many. Recognition on the world stage continued, with Wolf Blass being awarded *Best of Nation* at the *2017 San Francisco International Wine Competition* for the third year in a row – an award which took the Wolf Blass tally to an outstanding milestone of 10,000 awards won since the winery was established in 1966. Success was also driven in our newer brands, with 19 Crimes earning a raft of industry awards including *Hot Brand* status by *Impact Magazine*, and the prestigious *Super REGGIE* marketing award in the US.

Squealing Pig, one of our fastest growing brands, was also named the world's best rosé at the *2017 Best Wine Of The World* competition. Building on its success out of Australia, we have plans to take this brand to international markets in 2019.

Our truly innovative approach to growing our portfolio of brands, and our industry leadership was demonstrated last year by the unquestionable success of our *Living Wine Labels* platform. Capitalising on the appeal of augmented reality, TWE is the first global wine company to use this technology to literally bring our wine labels to life on the shelf, offering consumers the opportunity to experience our brands in an entertaining, experiential and educational way.

With the quality of our wine an enduring priority, we continued to harness our optimised winemaking network, led by our team of incredibly talented winemakers, and we have

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significantly stepped up our access to Luxury fruit to meet demand in future years in a sustainable way.

The Board and Executive Management at TWE continue to target financial metrics consistent with an investment-grade credit profile, providing the flexibility for the Company to pursue value accretive opportunities in future.

In light of the Company's strong result in F18, TWE was pleased to declare a final dividend of 17 cents per share, fully franked, bringing the total dividend for F18 to 32 cents per share, up 23% on the prior year.

Later in this meeting, shareholders will be asked to consider and vote in favour of a number of items of business, which include:

- the consolidated financial report, the Directors' Report and the Auditor's Report of the Company for the fiscal year ended 30 June 2018;
- the re-election of Mr Ed Chan as a Director of the Company;
- the election of Ms Colleen Jay as a Director of the Company, who was appointed as a Director since the last Annual General Meeting;
- adoption of the Remuneration Report of the Company for the year ended 30 June 2018; and
- the grant of performance rights to the Chief Executive Officer, Mr Michael Clarke under TWE's Long Term Incentive Plan, reflecting the performance of the Company.

On this, and all matters, I ask for shareholder support.

In fiscal 2018, TWE continued to actively engage with governments and regulatory bodies across our regions on relevant industry issues, with a particular focus on trade, taxation, health, customs administration and environment.

We worked in partnership with regulatory and government bodies to help foster stronger trade relations with our key export partners, and remain supportive of Free Trade Agreements that level the playing field in export markets, in the interests of the long term sustainability of the industry.

Sustainability is in fact critical to everything we do as a business. In this vein, I am extremely proud that TWE's first ever Sustainability Report was released in August, alongside our 2018 Annual Report.

This document illustrates our commitment to operating sustainably, safely and responsibly through our Corporate Responsibility program, and through the effective management of environmental, social and governance topics, which include supporting and promoting the responsible consumption of our wines as well as the consideration and management of climate change impacts and risk. In F18, TWE undertook a substantive review of our Corporate Responsibility program, realigning the program's focus under four key pillars – Performance, Planet, People, Product, and we are pleased to be delivering the refreshed program in F19.

I encourage you to read our Sustainability Report and use it as a reference for our Company's performance in this area.

In conclusion, on behalf of the Board I would like to reaffirm how delighted we are with the strong performance of the Company in the past year.

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I extend a sincere thanks to Michael and the Executive Leadership Team, as well as all TWE employees for their contribution to delivering such stand-out results. It is the strong culture of the Company, formed by the people across every region of the business that has driven these outstanding results.

I would also like to take the opportunity to acknowledge Mr Michael Cheek, who will be retiring from the Board at the close of this Annual General Meeting. His great contribution during his six year tenure has been deeply appreciated.

I would also like to welcome Louisa Cheang to the Board, who will be joining as a director on 1 December this year.

Finally, the Board remains focused on ensuring TWE continues its success, and we have great confidence in the future prospects and growth opportunities for the Company.

In closing, I would like to offer my thanks to you, our shareholders, for your ongoing support, belief and investment in our business.

I'll now hand over to Mike Clarke to provide a more detailed breakdown of business performance over the past financial year and our priorities and focus for 2018.

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2018 Annual General Meeting

Chief Executive Officer's Address – Michael Clarke

Thank you Mr Chairman and welcome to all our shareholders joining us from around the world.

I am delighted to address you from Hong Kong today. Hong Kong is home to a number of our large shareholders and China is also a strategically important growth region for our Company.

Fiscal 18 represented another year where we delivered very strong earnings growth whilst investing in our people, our brands, our business models and our strategic customer partnerships.

We delivered 17% EBITS growth in fiscal 18 and this represented the fourth consecutive year of double digit EBITS growth. We did this whilst making important and transformational changes to our business model in the US.

Our EBITS margin for fiscal 18 was 21.8%, up 3 percentage points, and we remain on a journey to deliver 25% margin – remembering that a 25% EBITS margin is a milestone, not a destination for us.

We also continue to deliver real value accretion with Return on Capital Employed increasing 1 percentage point to 12.6% and with Earnings Per Share up 36% to 49.7 cents per share.

Overall, fiscal 18 was a big year for our Company and I, together with my Management team as well as the TWE Board, am delighted with the performance.

Let me touch on the growth strategy of our regions.

We now have three strong, fixed business models in the Australia, Asia and Europe regions.

As a reminder, at our half year result announcement in January, we announced transformational changes to our route-to-market in the US, which saw us effectively change 40% of our route-to-market, 15% of which we transitioned to new, highly growth-oriented regional distributor partners, and the remaining 25% we are now self-distributing.

We executed this route-to-market transformation in the final quarter of fiscal 18.

The scope and scale of this business model change is large and, while we are still embedding the model and investing in new ways of working with retail and distributor partners, early indicators are positive.

Success in the US will be a model which replicates our Australian business model where we have a balanced portfolio mix of Commercial, Luxury and Masstige wines, where our customer partnerships are strong, and we have a three-way-win approach to value creation; we win, our customers win and our consumers win.

In Australia, Asia and Europe, TWE is considered a category-value-driver, not a volume-driver, thanks to the strength of our brand portfolio, our joint business planning, superior marketing plans and outstanding execution in-store.

Australia is the gold standard that the US region will follow and this takes patience, time, investment and disciplined behaviour.

Turning to Asia, notably China. Our priority is to grow our brand portfolio beyond Penfolds, expanding our share in not only the Australian but also the French and Italian categories.

As we do in all our regions, in China, we are driving a 'consumer-pull' strategy, not a 'customer-push' strategy.

We continue to only scratch the surface on distribution reach in China. Plenty of opportunity exists to grow in new tier 1 and 2 cities as well as expand our brand portfolio representation with existing and new customer partners.

Our Europe region, while small in terms of earnings, is delivering margin accretion via exceptional marketing and sales execution.

Also of note, Europe is becoming a strategically important sourcing region for our Company with our French and Italian wine brands.

And so looking ahead to fiscal 19 and beyond.

TWE is a growth company. We still see significant value that is yet to be unlocked across a number of areas of our business, including all regions performing and growing brand portfolios from multiple countries-of-origin.

We are constantly raising the bar on organisational talent and on execution. We are entering new and exciting frontiers with our brands and our marketing campaigns. We are driving revenue-growth initiatives that are incremental to our existing 5 year plan.

Complementing our enhanced vintage conversion rates is an appetite to expand into new countries-of-origin for sourcing as well as adjacent categories, exampled by the Penfolds Special Bottlings' brandy and spirited wine tiers.

Every action we take is to deliberately future-proof our business, whether it be:

- how we allocate wine to future years to preserve scarcity; or
- we source wine from multiple countries and multiple regions within countries; or
- we sell our portfolios of wine brands across four strong regional business models,

so that we can to continue to deliver strong and sustainable value to our shareholders.

And by strengthening our business models in our priority selling regions we will be able to recognise the full potential and maximum return on every dollar invested in our business.

Our Simplify for Growth program will focus on removing duplication and inefficiencies and will see us implement single processes for transactional work, which will be executed once, and deployed globally. Under the program, we'll also focus on further optimising and enhancing the returns from our brand building spend.

Taking all this and more, together we, at Treasury Wine Estates, are confident that we have the wine, the brands, the talent and the cost discipline to deliver EBITS growth of approximately 25% in fiscal 19, delivering a 5 year EBITS CAGR of 25%, and continue to be a strong growth-oriented company for the foreseeable future.

We are very pleased with the progress that we are making towards 25% EBITS growth in fiscal 19, with our disciplined approach to allocating Luxury wine ensuring a balanced earnings delivery across the fiscal year, and our first quarter trading performance is in line with our internal plans across all regions.

I'd like to thank our shareholders for their ongoing support and I look forward to delivering on our commitment to drive increased shareholder returns this year and in the years to come.

- *ends* -

F18 financial highlights and outlook[1]

F18 financial highlights[2]

- 4 year EBITS CAGR of 25% delivered; F18 EBITS[3] of $530.2m, up 17%
- Strong momentum across all regions; Group EBITS margin 21.8%, up 2.8ppts
- ROCE accretion delivered at 12.6%, up 1.0ppts
- Transformational route-to-market change executed in the US in 4Q18
- Long-term investment in winemaking drives significant increase in Australian Luxury conversion from 2018 vintage

Outlook[2]

- TWE reiterates guidance of approximately 25% EBITS growth in F19; delivering a 5 year CAGR of 25%
- TWE expects the new US route-to-market operating model to be embedded in 2H19
- TWE investing in brand portfolio initiatives; incremental to TWE's 5 year strategic plan
- Long-term investment in winemaking expected to deliver step-up in Luxury conversion capabilities, globally
- 'Simplify for Growth' expected to deliver process efficiency, enhanced brand returns and future cost savings
- Disciplined approach to allocating Luxury wine ensuring a balanced earnings delivery across the fiscal year
- 1Q19 trading performance in line with internal plans across all regions
- Commitment to EBITS margin accretion and journey towards EBITS margin of 25% reiterated

1. *All figures and calculations are subject to rounding*
2. *All Reported Headlines and Outlook metrics disclosed on a reported currency basis*
3. *Earnings before interest, tax, SGARA and material items*

TWE