TREASURY
WINE ESTATES

28 January 2020

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Via: Online Lodgement

1H20 Profit Report (subject to audit review), Revised F20 Guidance, Investor Presentation and Interim Dividend Announcement

Attached is the Treasury Wine Estates Limited:

- profit report for 1H20, which is subject to audit review, and includes an update to the F20 full year guidance which was previously advised to the market;
- a media release accompanying the 1H20 profit report; and
- investor and analyst presentation materials.

The Board has determined to pay an interim dividend of 20 cents per share, fully franked, up 11% on the previous corresponding period.

The Company confirms its 2020 Interim Results (Appendix 4D, including its financial statements) are expected to be released on Thursday 13 February 2020.

For the purposes of ASX Listing Rule 15.5, Treasury Wine Estates Limited confirms that this document has been authorised for release to the market by the Board.

Yours sincerely

Matt Young
Chief Financial Officer and Company Secretary

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Treasury Wine Estates

Interim 2020 financial result

Treasury Wine Estates will host an investor and media webcast and conference call commencing at 9:00am (AEDT) on 29 January 2020 (dial-in details below). The webcast and presentation material will be available at www.tweglobal.com. A replay of the presentation will also be available on the website from approximately 1:00pm.

TELECONFERENCE DIAL IN NUMBERS:

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Hong Kong	800 965 808
Italy	800 788 772
Japan	0066 330 62118
New Zealand	0800 667 018
Norway	800 10 112
Singapore	800 616 2170
Sweden	020 799 376
Switzerland	0800 561 529

TREASURY WINE ESTATES

MEDIA RELEASE 28 January 2020

TWE delivers growth despite challenging US market conditions 1H20 NPAT up 5% to $229.2m and EPS up 5% to 31.9 cps[1,2]

The financial information in this announcement is subject to audit review, which will be completed in conjunction with preparation of the Appendix 4D that will be released to the market on 13 February 2020

Opening remarks from Michael Clarke, TWE Chief Executive Officer

"The early announcement of our first half results, which remain subject to audit review, reflects the fact that we slightly missed our 1H20 EBITS versus our own expectations and based on our revised full year forecast our growth rate in F20 will be lower than previously guided. This is driven primarily by underperformance in our US results in the first half and is expected to continue through the second half, due to:

1. Unexpected changes in our Americas leadership, resulting in a loss of execution momentum through the first half that will carry into the second half.
2. US wine market dynamics where suppliers are trying to move surplus wine across the market at lower prices, resulting in an accelerated growth of private label, which is up approximately 15% in a market that is flat to down. This is a significant market shift in a very short period, especially after the recent US vintage in October and towards the end of the half.
3. As a result of these market dynamics, we were unable to recover or offset higher US Luxury COGS and higher Australian Commercial COGS, with higher levels of discounting required to try to maintain share across all price points. We also walked away from just under half a million cases of Commercial volume in the US due to private label growth, aggressive market pricing and our higher COGS.

We have looked at whether we can recover this first half shortfall in the second half, but given the continued market dynamics in the US, we believe that those aggressive one-off recovery activities, for example pricing, would not be repeatable in F21. Instead, we would rather stay on our journey of sustainably growing profit, but for F20 and F21, at slightly lower growth rates than previously expected and instead focus on resetting the US management team and rebuilding momentum in execution, strategically reviewing how we will manage our US and global Commercial wine business differently and go into the back half of F21 and then F22 stronger again.

We have considerably improved the profitability of our Commercial wine business over the past six years by right sizing it, removing costs and outsourcing supply to third party suppliers. Given these accelerated market changes, we will now address how we manage this part of our business differently, so that it continues to support, not drag on our premiumisation strategy.

It should be noted that we pleasingly continue to grow our Luxury and Masstige business across every region - Asia, ANZ, the Americas and EMEA - and this is a real growing strength of TWE."

Announcement highlights

- NSR[3] up 2% to $1,536.1m, driven by an 8% improvement in NSR per case as TWE continues its journey of premiumisation across all regions, offset by volume declines across the Commercial portfolio
- 1H20 EBITS[4] up 6% to $366.7m, with EBITS margin accretion of 0.9ppts delivered to 23.9%, another step on TWE's journey towards an EBITS margin of 25% and beyond

[1] Unless otherwise stated, all figures and percentage movements outlined in TWE's Media Release are stated on a reported currency basis and are subject to rounding; prior year has been restated for application of *AASB16 Leases*
[2] Before SGARA and material items
[3] Net sales revenue
[4] Earnings before interest, tax, SGARA and material items

- Strong performance across the Asia, ANZ and EMEA regions driven by Luxury and Masstige growth, whilst a loss of execution momentum and challenging US wine market conditions were a setback to Americas regional performance
- TWE's US Luxury & Masstige depletions grew 6% while Commercial depletions declined 10%. TWE has outperformed the US Luxury & Masstige market in both value and volume terms over the past 26 and 52 weeks[5]
- NPAT[6] up 5% to $229.2m; EPS[7] growth to 31.9 cents per share, up 5%
- 1H20 cash conversion 85.1%, with Leverage[8] of 1.7x an improvement of 0.4x versus the prior year
- Globally, shipments are broadly in line with depletions, and in Asia forward days inventory cover are lower than the prior year as a result of a reset in distribution route to market for Rawson's Retreat
- As a result of challenging conditions in the US wine market, TWE now expects F20 reported EBITS growth of approximately 5% to 10%[9], with F20 full year underlying cash conversion to be broadly in line with F19
- TWE expects F21 reported EBITS growth of approximately 10% to 15%[10], reflecting continued premiumisation and growth in Luxury wine availability, balanced against the risks associated with challenging US wine market conditions persisting into F21, and impacts from the cost of the 2020 Australian vintage. This excludes any initiatives from the strategic review to manage the Commercial wine business differently, which the Company expects would deliver meaningful benefits in the future.

1H20 result summary

Treasury Wine Estates Limited (ASX:TWE or "the Company") today announced its interim 2020 financial result, with NPAT up 5% to $229.2m and EPS up 5% to 31.9 cents per share.

TWE reported EBITS of $366.7m, up 6%, with EBITS margin increasing 0.9ppts to 23.9%.

Premiumisation continues to drive operating performance across all regions, with NSR from the Luxury and Masstige segments growing 7% in 1H20, and now representing 73% of Group NSR. Commercial volumes declined 10% globally versus the pcp, impacted by suppliers increasingly moving product through private label, most notably in the US and Australia.

The Board has determined to pay an interim dividend of 20 cents per share, fully franked, up 11% on the previous corresponding period (pcp).

On today's result, TWE's Chief Executive Officer, Michael Clarke, commented: "While we are very pleased with our performance across the Asia, ANZ and EMEA regions, our first half performance in the Americas has been a setback and is disappointing given the high expectations we have for growth in this important market. The fact that we have continued to deliver sustainable, margin accretive growth despite this setback in one of our key markets is testament to the fundamental strength of our global business model, which sources multi-regionally, sells multi-regionally and is the most self-distributed wine business, globally."

Key highlights from a regional perspective include:

- Americas reported a 17% decline in EBITS to $98.3m and an EBITS margin of 16.1% (down 3.6ppts). A loss of execution momentum, contributed to by unforeseen changes in regional management, was exacerbated by the persistence of challenging conditions in the US wine market which accelerated in Q2 post vintage. Regional volume declined 6%, reflecting declines in the Commercial portfolio of 11%, partly offset by growth in Luxury volume which grew 7%. Benefits of premiumisation were offset by increased promotional support which was required to compete with persistent aggressive competitor discounting. Higher COGS on Australian sourced Commercial wine and US sourced Luxury wine also had an adverse impact.
- Asia reported 19% EBITS growth to $175.5m and an EBITS margin of 43.1% (up 4.2ppts), driven by strong demand and continued outstanding execution across key markets. Key top-line metrics

[5] IRI Market Advantage, Multi-Outlet + Liquor, $4+ bottle, 26 and 52 weeks ending 29 December 2019
[6] Net Profit After Tax, before SGARA and material items
[7] Earnings Per Share, before SGARA and material items
[8] Ratio of total Net Borrowings to last twelve-month EBITDAS which includes the addition of depreciation expense attributable to leases in the period; previously TWE was reporting this metric using S&P's lease capitalisation methodology
[9] Assuming no material changes due to foreign exchange movements and does not include one-off charges of approximately $35m associated with the expansion of Luxury winemaking infrastructure in South Australia. Base F19 comparative $681.4m, restated for the application of *AASB16 Leases*
[10] Assuming no material changes due to vintage or foreign exchange movements

continued to exhibit strong growth, but volume was impacted temporarily due to a reset in distribution with one large customer. TWE continues to invest in driving distribution, brand building and organisational capability throughout the region to support future growth.

- Australia & New Zealand (ANZ) reported 10% EBITS growth to $85.9m and an EBITS margin of 26.4% (up 3.0ppts). Continued momentum in premiumisation and lower CODB was partly offset by market wide declines in Commercial volumes in addition to temporary changes to the buying patterns of key retailers across parts of the Luxury portfolio.
- Europe, Middle East and Africa (EMEA) reported a 1% decline in EBITS to $32.0m and an EBITS margin of 16.8% (down 0.3ppts). Benefits from Masstige-led premiumisation were offset by higher COGS on Australian sourced Commercial wine.

Cash conversion of 85.1% was delivered in the period, and TWE continues to maintain financial metrics that are consistent with an investment grade credit profile. At 1H20, TWE reported Leverage of 1.7x, an improvement of 0.4x in the year, with interest cover of 12.4x[11].

Future perspectives

The strength of TWE's premiumisation strategy and diversified global business model has enabled the delivery of robust results, despite some market challenges. TWE remains focused on continuing the successful execution of its strategy, with the structural changes and investments made by the Company in recent years leaving it well placed to deliver sustainable, margin accretive growth into the future.

The accelerated growth of private label in the US and Australia, combined with the impact of higher COGS, has had an impact on TWE's performance across the Commercial portfolio, globally. Building on work previously completed, a strategic review of the Company's internal operating model is underway, focused on accelerating returns from premiumisation and managing the Commercial wine business differently. This review is expected to be completed in 2H20 and further details will be announced at a future date no later than the F20 full year results.

Recent drought, heat and fires in Australia have created some likely challenges with respect to the cost of the 2020 Australian vintage, which is currently in harvest. While final impacts on the vintage are to be determined, TWE's diversified multi-regional sourcing model, combined with past investments in Luxury inventory which are allocated across multiple financial years, provides a degree of flexibility to manage vintage related impacts.

As a result of the challenging conditions in the US wine market, TWE now expects reported EBITS growth of 5% to 10% in F20[12], which is below the previously guided 15% to 20% range. For F21, TWE expects reported EBITS growth of approximately 10% to 15%[13] which reflects continued premiumisation and growth in Luxury wine availability, balanced against the risks associated with challenging US wine market conditions persisting into F21, and impacts from the cost of the 2020 Australian vintage. This excludes any initiatives from the strategic review to manage the Commercial wine business differently, which the Company expects would deliver meaningful benefits in the future.

In conclusion, Michael Clarke commented: "The results announced today demonstrate the continued momentum behind our premiumisation strategy across all markets, and the strength of our diversified, global business model. We are very pleased with our performance across Asia, ANZ and EMEA, all markets in which we are executing well and continuing to deliver improving financial returns for our shareholders. While current conditions in the US wine market are challenging, we are confident that we will re-gain momentum under the new Americas regional leadership team and return the region to growth once the market impacts subside.

Further, we expect the outcomes of our strategic review to present us with opportunities to further improve the way we run our business and accelerate the pace with which we address right sizing and managing our

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[11] Interest cover is calculated as the ratio of earnings to net interest expense prior to AASB16 impacts, where earnings is the consolidated pre-tax profit (pre-material items, SGARA and AASB16 impacts) plus the sum of the amount of net interest expense adjusted for amortised interest costs, per financial covenants

[12] Assuming no material changes due to foreign exchange movements and does not include one-off charges of approximately $35m associated with the expansion of Luxury winemaking infrastructure in South Australia. Base F19 comparative EBITS $681.4m, restated for the application of *AASB16 Leases*

[13] Assuming no material changes due to vintage or foreign exchange movements

Commercial wine business differently. In parallel, there is no change to the rate at which we are expecting to grow our Luxury business into the future.

We remain focused on our journey of sustainably growing earnings, but for F20 and F21, at slower growth rates than previously expected as we look to re-build momentum in the US and implement key actions from our strategic review. The fundamentals of our global business are strong, and we remain firmly focused on continuing our journey of margin accretive growth into the future."

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Profit Report
Financial Performance

		Reported Currency		Constant Currency	
$Am (unless otherwise stated)	1H20	1H19 Restated	Change	1H19 Restated	Change
Net sales revenue	1,536.1	1,507.7	1.9 %	1,546.4	(0.7)%
NSR per case ($)	*87.00*	*80.64*	*7.9 %*	*82.71*	*5.2 %*
Other Revenue	15.1	30.1	(49.8)%	30.8	(51.0)%
Cost of goods sold	(868.0)	(884.9)	1.9 %	(909.8)	4.6 %
Cost of goods sold per case ($)	*49.16*	*47.33*	*(3.9)%*	*48.66*	*(1.0)%*
Gross profit	683.2	652.9	4.6 %	667.4	2.4 %
Gross profit margin (% of NSR)	*44.5%*	*43.3%*	*(1.2)ppts*	*43.2%*	*(1.3)ppts*
Cost of doing business	(316.5)	(306.0)	(3.4)%	(311.1)	(1.7)%
Cost of doing business margin (% of NSR)	*20.6%*	*20.3%*	*(0.3)ppts*	*20.1%*	*(0.5)ppts*
EBITS	**366.7**	**346.9**	**5.7 %**	**356.3**	**2.9 %**
EBITS margin (%)	*23.9%*	*23.0%*	*0.9ppts*	*23.0%*	*0.9ppts*
SGARA	(2.6)	(6.2)	58.1 %	(6.6)	60.6 %
EBIT	**364.1**	**340.7**	**6.9 %**	**349.7**	**4.1 %**
Net finance costs	(44.8)	(40.7)	(10.1)%	(42.2)	(6.2)%
Tax expense	(91.9)	(86.6)	(6.1)%	(87.2)	(5.4)%
Net profit after tax (before material items)	**227.4**	**213.4**	**6.6 %**	**220.3**	**3.2 %**
Material items (after tax)	(16.0)	-	-	-	-
Net profit after tax	**211.4**	**213.4**	**(0.9)%**	**220.3**	**(4.0)%**
Reported EPS (A¢)	29.4	29.7	(1.0)%	30.7	(4.2)%
Net profit after tax (before material items and SGARA)	**229.2**	**218.0**	**5.1 %**	**225.0**	**1.9 %**
EPS (before material items and SGARA) (A¢)	31.9	30.4	4.9 %	31.3	1.9 %
Average no. of shares (m)	719.5	718.3		718.3	
Dividend (A¢)	20.0	18.0	11.1 %	18.0	11.1 %

Financial headlines[14,15]

- Net Sales Revenue (NSR) increased 1.9% on a reported currency basis, and declined 0.7% on a constant currency basis:
  - Volume declined 5.6%, led by the lower margin Commercial portfolio where volume fell 10.0% in 1H20
  - Portfolio premiumisation drove a 5.2% increase in NSR per case, partly offsetting the top-line impact of lower Commercial volume
- Cost of Goods Sold (COGS) per case rose 1.0%, due to portfolio premiumisation and higher COGS on Australian sourced Commercial wine and US sourced Luxury wine (which increased 4.6% and 7.6% respectively), partly offset by lower COGS on Australian sourced Luxury wine
- Higher Cost of Doing Business (CODB) reflects continued brand building investment in Asia and higher promotional activity in the US, offset by favourable overheads following implementation of key Simplify for Growth initiatives
- EBITS of $366.7m, up 5.7% on a reported currency basis and 2.9% on a constant currency basis, with EBITS margin up 0.9ppts to 23.9%
- NPAT and EPS (before material items & SGARA) both grew 1.9%
- Cash conversion of 85.1% was delivered in 1H20; excluding the net change in non-current Luxury and Masstige inventory, cash conversion was 77.5%
- Strong and flexible balance sheet maintained, Leverage improved to 1.7x (from 2.1x at 1H19)
- Interim dividend 20.0 cents per share, fully franked; delivering 11.1% growth vs. 1H19, and a pay-out ratio of 62.7%[16]

Business headlines

- Earnings growth delivered through continued execution of premiumisation strategy, against a backdrop of challenging conditions in the US wine market and a growing global trend to private label
- Strong performance across Asia, ANZ and EMEA regions was led by Luxury and Masstige growth, whilst a loss of execution momentum and challenging US wine market conditions were a setback to Americas regional performance in 1H20
- Higher Commercial COGS have proven difficult to recover due to increased promotional activity across the Commercial category, particularly in the US, and accelerated growth in competition from private label
- TWE's competitively advantaged business model – focused on sourcing multi-regionally, selling multi-regionally and being the most self-distributed wine company globally – has been a key to delivery of global earnings growth in 1H20 despite these challenges
- Luxury and Masstige NSR grew 6.8% versus the pcp, and now represents 73.1% of Group NSR. Focus brand NSR grew 3.9% globally, highlighting the positive momentum behind TWE's brand portfolio strategy
- Key Simplify for Growth initiatives, including the Global Business Services platform, are delivering operational efficiencies that TWE will seek to increasingly leverage over time
- Investment in Luxury production assets to support the next phase of TWE's premiumisation journey; in 1H20 TWE acquired production assets in the Bordeaux region of France and commenced investment in expansion of Luxury winemaking in South Australia

Outlook

- TWE expects reported EBITS growth of approximately 5% to 10% in F20, with the current challenging conditions in the US wine market expected to persist through the remainder of the year[17]
- F20 full year cash conversion to be broadly in line with F19
- TWE expects growth in F21 reported EBITS of approximately 10% to 15%[18], reflecting:
  - Continued delivery of growth across the Luxury and Masstige portfolio, in all markets
  - The risk that current challenging conditions in the US wine market may persist into F21
  - Impacts of the 2020 Australian vintage, which has been affected by heat and drought conditions. These are expected to lead to higher Australian sourced Commercial and Masstige COGS
  - Excludes any initiatives from the strategic review to manage the Commercial wine business differently, which TWE expects would deliver meaningful benefits in the future

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[14] Financial information in this report is subject to audit review. Non-IFRS measures will not be 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
[15] Unless otherwise stated, all percentage or dollar movements from prior periods contained in the Profit report are pre-material items on a constant currency basis and are subject to rounding. Prior year has been restated for application of *AASB16 Leases*
[16] TWE targets a dividend payout ratio of between 55%-70% of Net Profit After Tax (pre-material items and SGARA) over a fiscal year
[17] Assuming no material changes due to foreign exchange movements. Does not include impacts from the application of *AASB16 Leases* or one-off charges of approximately $35m associated with the expansion of Luxury winemaking infrastructure in South Australia
[18] Assuming no material changes due to vintage or foreign exchange movements

Revenue by region[19]

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
Net Sales Revenue					
Americas	612.4	604.6	1.3%	639.1	(4.2)%
Asia	407.5	380.4	7.1%	381.3	6.9%
EMEA	190.4	189.0	0.7%	191.9	(0.8)%
ANZ	325.8	333.7	(2.4)%	334.1	(2.5)%
Total sales revenue	**1,536.1**	**1,507.7**	**1.9%**	**1,546.4**	**(0.7)%**
Other revenue	15.1	30.1	(49.8)%	30.8	(51.0)%
Total Revenue	**1,551.2**	**1,537.8**	**0.9%**	**1,577.2**	**(1.6)%**

Revenue

- Net Sales Revenue declined 0.7%, driven by volume declines, predominantly across the Commercial portfolio which was down 10%. Partly offsetting was portfolio mix, which led to a 5.2% increase in NSR per case in 1H20
- Other revenue reduced by 51.0% due to the exit of third party packaging arrangements in Australia

Cost of Goods Sold (COGS)

- COGS per case increased by 1.0%, driven by portfolio premiumisation and higher COGS on Australian sourced Commercial wine and US sourced Luxury wine, which increased 4.6% and 7.6% respectively, partly offset by lower COGS on Australian sourced Luxury wine

Cost of Doing Business (CODB)

- CODB increased 1.7%, with continued brand building investment in Asia and higher promotional activity in the US, offset by favourable overheads following implementation of key Simplify for Growth initiatives
- CODB margin increased 0.5ppts, largely a result of the lower global NSR

Corporate costs

- Corporate costs improved $5.3m, driven by reduction in overheads following establishment of the Global Business Services platform in 1H19

EBITS by region[19]

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
Americas	98.3	118.9	(17.3)%	133.6	(26.4)%
Asia	175.5	147.8	18.7%	143.7	22.1%
EMEA	32.0	32.3	(0.9)%	33.6	(4.8)%
ANZ	85.9	78.2	9.8%	75.6	13.6%
Corporate	(25.0)	(30.3)	17.5%	(30.2)	17.2%
TWE EBITS	**366.7**	**346.9**	**5.7%**	**356.3**	**2.9%**

EBITS

- EBITS increased 2.9% to $366.7m, driven by continued momentum in premiumisation and lower overheads, offset by higher COGS and increased trade and promotional support in the Americas
- EBITS margin increased 0.9ppts to 23.9%, another step on TWE's journey towards an EBITS margin of 25% and beyond

SGARA

- SGARA loss of $2.6m ($6.2m loss in pcp) driven by the 2019 Californian vintage loss and the unwinding of prior vintage outcomes, notably losses on the 2017 and 2018 Californian vintages

Net finance costs

- Increased net finance costs are principally driven by higher average gross borrowings versus the pcp following establishment of the US$ syndicated facility in November 2018, partly offset by interest earned on higher cash balances

Tax expense

- TWE's effective tax rate was 28.8%, which is in line with the tax rate in the pcp

Material Items

- 1H20 material items reflects costs pertaining to the long-term investment in Luxury winemaking infrastructure in South Australia.

Net profit after tax (NPAT)

- NPAT before material items and SGARA $229.2m, up 5.1%, driven by higher EBITS and partly offset by increased net finance costs and higher tax expense

Earnings Per Share (EPS)

- EPS (before SGARA and material items) rose 1.9% to 31.9 cents per share. Reported EPS declined 4.2% to 29.4 cents per share, due principally to material items recognised in relation to the long-term investment in Luxury winemaking infrastructure in South Australia

[19] Prior year comparatives have been restated to reflect the transition of the MEA business from Asia to EMEA and the application of *AASB16 Leases*

Balance Sheet (condensed)[20]

A$m	1H20	F19 Restated	1H19 Restated
Cash & cash equivalents	335.6	401.8	183.0
Receivables	703.5	662.0	829.1
Current inventories	996.6	1,001.7	1,069.1
Non-current inventories	1,015.3	1,045.6	893.3
Property, plant & equipment	1,420.6	1,398.7	1,440.5
Right of use lease assets	510.1	507.1	505.6
Agricultural assets	39.1	29.4	40.7
Intangibles	1,177.7	1,163.8	1,156.7
Tax assets	171.9	181.0	171.9
Assets held for sale	72.3	78.3	39.1
Other assets	19.5	21.0	17.7
Total assets	**6,462.2**	**6,490.4**	**6,346.7**
Payables	665.3	718.6	746.4
Interest Bearing Debt	1,155.0	1,165.1	1,128.0
Lease Liabilities	636.1	629.5	622.7
Tax liabilities	241.2	289.5	236.9
Provisions	56.6	48.0	49.8
Other liabilities	8.2	8.6	15.2
Total liabilities	**2,762.4**	**2,859.3**	**2,799.0**
Net assets	**3,699.8**	**3,631.1**	**3,547.7**

Balance sheet movements as at 31 December 2019

Net assets up $68.7m to $3,699.8m. The application of *AASB 16 Leases* impacted inventory, right of use lease assets, tax assets/liabilities, payables and borrowings.

Working Capital[21]

Higher working capital relative to 30 June 2019 reflects higher receivables driven by growth in NSR and the weighting of Q2 sales ahead of key consumption occasions, including Chinese New Year. Lower payables primarily reflect timing of vintage related payments for inventory.

Total inventory decreased $35.4m in 1H20 to $2,011.9m. Versus the pcp, inventory increased $49.5m:

- Current inventory declined $72.5m to $996.6m, reflecting updated twelve-month sales volume expectations, most notably in the Americas, in addition to efficient inventory management across the Masstige portfolio where TWE has increased utilisation of bulk wine sourcing arrangements
- Non-current inventory increased by $122.0m to $1,015.3m, driven by the high quality, high volume Australian 2019 vintage, where Luxury intake increased 10% versus the prior vintage.
- Luxury inventory increased 9.9% to $1,260.5m, reflecting TWE's sustained investment in premiumisation
- TWE's predominantly third-party sourcing model for Commercial inventory has provided flexibility to efficiently respond to changes in demand as they arise, and TWE is comfortable with its Luxury and Masstige inventory position which will facilitate future growth
- The 2020 Australian vintage is expected to be impacted by recent heat and drought conditions

Property, Plant & Equipment

Property, Plant & Equipment increased $21.9m to $1,420.6m, reflecting investment in production assets (winery and vineyards) in the Bordeaux region of France, in addition to vineyard investments in Australia and the US

Right of use lease assets

Right of use lease assets were largely unchanged

Agricultural assets

Agricultural assets at 31 December 2019 represent the market value of unharvested grapes prior to the 2020 Australian and New Zealand vintages

Intangibles

Intangible assets increased by $13.9m, principally reflecting investment in IT systems supporting Simplify for Growth initiatives, offset by amortisation expense

Provisions

Increase in provisions of $8.6m driven by one-off costs associated with the expansion of Luxury winemaking infrastructure in South Australia, offset by utilisation of past provisions related primarily to establishment of the Global Business Services platform

Tax and other assets

Net tax liabilities decreased due to payments made in relation to Australian operations, offset by the current period tax charge

Assets held for sale

Assets held for sale relates to surplus supply assets in the US

Net Borrowings[22]

Net Borrowings, including lease liabilities per AASB16, increased $62.7m to $1,455.5m:

- Cash declined by $66.2m to $335.6m
- Interest bearing borrowings decreased $10.1m to $1,155.0m
- Lease liabilities increased by $6.6m to $636.1m

Key credit metrics

Leverage of 1.7x, down 0.4x versus the pcp, and interest cover of 12.4x

Funding structure

At 31 December 2019, TWE had committed debt facilities totalling approximately $1.8bn, comprising;

- Drawn bank facilities of $500.5m and $572.0m of US Private Placement notes
- Undrawn committed, bilateral debt facilities totalling $721.8m

Weighted average term to maturity of committed facilities 4.5 years

[20] Unless otherwise stated, balance sheet percentage or dollar movements from the previous period are on a reported currency basis and in respect of the six months from 30 June 2019. Prior year comparatives have been restated for the application of *AASB16 Leases*.
[21] Working capital balances may include items of payables and receivables which are not attributable to operating activities
[22] Borrowings have been increased by $13.2m (1H19: $7.4m decrease, F19: $12.1m increase) to reflect fair value hedges on a portion of US Private Placement notes

Cash flow – reconciliation of net debt[23]

A$m (unless otherwise stated)	1H20	1H19 Restated
EBITDAS	**444.7**	**425.5**
Change in working capital	(73.8)	(187.7)
Other items	7.4	8.0
Net operating cash flows before financing costs, tax & material items	**378.3**	**245.8**
Cash conversion	**85.1%**	**57.7%**
Payments for capital expenditure and subsidiaries	(113.2)	(93.6)
Proceeds from sale of assets	28.7	26.6
Cash flows after net capital expenditure, before financing costs, tax & material items	**293.8**	**178.8**
Net interest paid	(43.8)	(41.9)
Tax paid	(123.7)	(88.7)
Cash flows before dividends & material items	**126.3**	**48.2**
Dividends/distributions paid	(140.2)	(122.2)
Cash flows after dividends before material items	**(13.9)**	**(74.0)**
Material item cash flows	(6.3)	(0.7)
On-market share purchases	(4.9)	(16.6)
Total cash flows from activities (before debt)	**(25.1)**	**(91.3)**
Net (repayment) / proceeds from borrowings	(42.2)	183.2
Total cash flows from activities	**(67.3)**	**91.9**
Opening net debt	**(1,380.0)**	**(1,336.9)**
Total cash flows from activities (above)	(25.1)	(91.3)
Lease liability additions	(30.9)	(88.8)
Net debt acquired	(3.2)	-
Debt revaluation and foreign exchange movements	(2.4)	(56.1)
Increase in net debt	**(61.6)**	**(236.2)**
Closing net debt	**(1,441.6)**	**(1,573.1)**

Movement in net debt

Net debt increased by $61.6m to $1,441.6m, with drivers of the movement in net debt including:

EBITDAS

EBITDAS increased $19.2m on a reported currency basis driven by premiumisation and lower overheads, offset by higher COGS and increased trade and promotional support in the Americas. Depreciation and amortisation were broadly in line with the pcp.

Movement in working capital[24]

Net working capital cash outflow of $73.8m is driven by higher receivables, reflecting growth in NSR and the weighting of Q2 sales ahead of key consumption occasions, including Chinese New Year. Offset by lower inventory.

Other items

Other items reflects movements in provisions and profit on sale of assets, broadly in line with pcp

Capital expenditure

Capital expenditure (capex) of $113.2m comprising:

- Maintenance & Replacement capex of $51.2m
- Growth capex of $62.0m which includes investments in South Australian Luxury winemaking assets, acquisition of French production assets and vineyard acquisitions

In F20, Maintenance and Replacement capex is expected to be in line with guidance, in the range of $100m to $110m, with growth capex of up to $135m reflecting investment in assets supporting premiumisation

Proceeds from sale of assets

Reflect receipts from the sale of surplus supply assets, notably in the US

Net interest paid

Higher net interest paid reflects increase in net finance costs

Dividends paid

Increase in dividends paid reflects F19 final dividend of 20 cents per share an increase of 14.7% relative to pcp

Tax paid

Increase in tax paid reflects increased profits in respect of the Australian and Asian operations

Material item cash flows

Increase in material item cash flows is driven by the costs associated with the expansion of Luxury winemaking infrastructure in South Australia

On-market share purchases

Reduction in on-market share purchases reflects vesting of shares under TWE's Long Term Incentive Plans being delivered in 1H20 via a combination of new shares issued and shares purchased on-market

Lease liability additions

Additions of $30.9m in 1H20 driven by lease extension for South Australian distribution centre and new leases for production equipment. Prior year additions include leases for new office space in Melbourne and Oakland

Exchange rate impact

Lower period-end exchange rates used to revalue foreign currency borrowings and cash as at 31 December 2019, increased net debt by $2.4m

Net debt acquired

Debt acquired as part of acquisition of production assets in the Bordeaux region of France

Cash conversion

Cash conversion 85.1%, guidance for F20 full year cash conversion to be broadly in line with the prior year maintained. Excluding the net change in non-current Luxury and Masstige inventory, cash conversion was 77.5%

[23] Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis; prior year has been restated for application of *AASB16 Leases*
[24] Change in working capital reflects operating cash flow movements

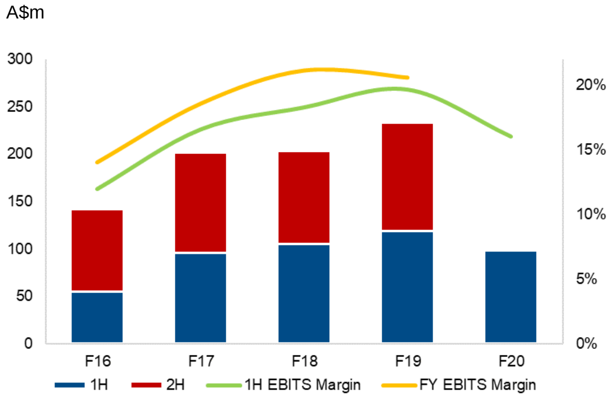
Regional Summaries

Americas

Financial performance[25]

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	612.4	604.6	1.3%	639.1	(4.2)%
NSR per case (A$)	88.08	81.40	8.2%	86.05	2.4%
EBITS (A$m)	98.3	118.9	(17.3)%	133.6	(26.4)%
EBITS margin (%)	16.1%	19.7%	(3.6)ppts	20.9%	(4.8)ppts

Historical EBITS and EBITS margin*



** Chart presented on a reported currency basis, with prior periods restated for AASB16 Leases*

Business performance

- Shipments were in line with depletions in 1H20: Luxury and Masstige depletions were up 10% and 5% respectively versus pcp
- NSR declined 4.2%, due to:
  - Lower volume of 6.4%, which was driven by an 11% decline in Commercial volumes, led by Beringer Main and Vine and Lindemans Bins, and a result of increasing retailer focus on private label which grew approximately 15% in during the half[26]
  - Increased promotional support in order to compete with persistent and aggressive competitor discounting
  - NSR per case grew 2.4% due to portfolio mix, led by Luxury portfolio
- COGS per case increased due to premium portfolio mix, the ongoing impact to US Luxury COGS, notably across leased vineyards, and increased costs of Australian sourced Commercial inventory
- Higher CODB reflects increased promotional support across the portfolio, offset by lower overheads following the removal of route-to-market transitional costs
- Regional EBITS declined 26.4% to $98.3m, with increased trade and promotional support across the portfolio offsetting the benefits of premiumisation. In addition, lower volumes limited ability to offset COGS increases. EBITS margin declined 4.8ppts to 16.1%

Americas regional perspectives

- Americas regional performance has been impacted by a loss of execution momentum, contributed to by unforeseen management changes, and persistence of challenging conditions in the US wine market, with an acceleration of these market dynamics encountered in Q2 post vintage
- The US wine market is currently undergoing considerable change, with potential divestitures by a number of TWE's competitors and accelerated movement of product through private label. Further, impacts from the trade war and above average recent vintages has led to increased levels of supply across the market, which has contributed to high levels of discounting
- Despite the current challenges TWE remains confident about both the market and its long-term prospects in the US, given its strategic focus on the growing Luxury and Masstige price segments and optimised route-to-market model
- Luxury and Masstige segments of the US wine market continue to exhibit strong growth, with Commercial segment declines (excluding bag in box) driven by increasing retailer focus on private label and aggressive price discounting and promotional activity
- TWE's focus brand depletions were up 4% versus pcp, with 19 Crimes, Matua and Beringer Brothers outpacing the market in their respective price segments
- Focus in 2H20 and beyond will be on driving availability and distribution of focus brands along with investment in customer pull through programs
- Medium-term target EBITS margin target of 25% maintained, and TWE remains confident that its strategy of premiumisation, complemented by growing distribution and availability of focus brands through its optimised route-to-market, will restore the region to margin accretive growth once the short-term impacts in the US market subside

[25] Prior year has been restated for application of *AASB16 Leases*

[26] IRI Market Advantage, Multi Outlet + Liquor, $4+ excluding box, 26 weeks ending 29 December 2019

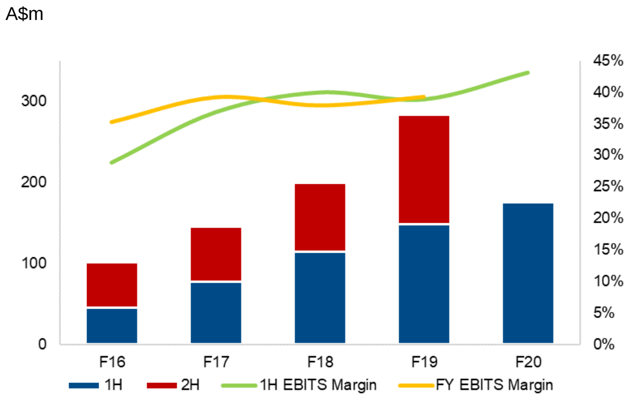
Regional Summaries

Asia

Financial performance[27]

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	407.5	380.4	7.1%	381.3	6.9%
NSR per case (A$)	202.71	170.24	19.1%	170.64	18.8%
EBITS (A$m)	175.5	147.8	18.7%	143.7	22.1%
EBITS margin (%)	43.1%	38.9%	4.2ppts	37.7%	5.4ppts

Historical EBITS and EBITS margin*



** Chart presented on a reported currency basis, with prior periods restated for AASB16 Leases*

Business performance

- Earnings growth continued across the region, driven by strong demand and outstanding sales execution in key markets
- In China, Luxury and Masstige depletions were up over 40% versus pcp
- Asia region volume declined 10% largely as a result of lower shipments to one large customer for Rawsons Retreat and some lower Luxury brands:
  - TWE has re-set its customer partnership model to better balance the distribution of these brands, with return to normal shipment profiles having commenced
  - Excluding the temporary impact from this one customer, region volume grew 14% versus pcp
- Forward days of inventory cover lower versus the prior year, reflecting temporary decline in shipments on Rawson's Retreat and some lower Luxury brands
- NSR increase of 6.9% driven by portfolio mix and supported by continued focus on strengthening of strategic partnerships to grow breadth and depth of distribution throughout the region
- Higher CODB reflects ongoing investment in organisational capability and customer pull through programs throughout the region to support future growth
- EBITS up 22.1% to $175.5m, with margin accretion of 5.4ppts to 43.1%

Asian regional perspectives

- Fundamentals of the Asian wine market remain attractive across the region, with consumption continuing to grow[28]
- In China, TWE has observed a short-term tightening in working capital across distributors, wholesalers and retailers who are currently focused on reducing levels of competitors' inventory; this is reflected in China import data where Australia (led by TWE) is the only country-of-origin to have grown shipments into market over the past year
- TWE's route-to-market, focused on self-distribution and driving customer pull-through, continues to provide a competitive advantage to maintaining growth across the region through changing macro-economic and industry cycles
- Execution of the multi country-of-origin portfolio strategy continues to strengthen, with shipments of TWE's own French portfolio[29] more than doubling on pcp and supported by strong depletions growth
- E-commerce data shows strong growth and great momentum for TWE brands[30]
- 35%+ EBITS margin guidance maintained for F20 and beyond, reflecting expected future growth of the Masstige portfolio in the region

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[27] Prior year comparatives have been restated to reflect the transition of the MEA business from Asia to EMEA and the application of *AASB16 Leases*
[28] China: Nielsen Modern Trade, value MAT December 2019, Other key markets: IWSR Value 2019
[29] Excludes performance of third party distributed brands
[30] Smartpath, e-commerce sales total wine, MAT November 2019

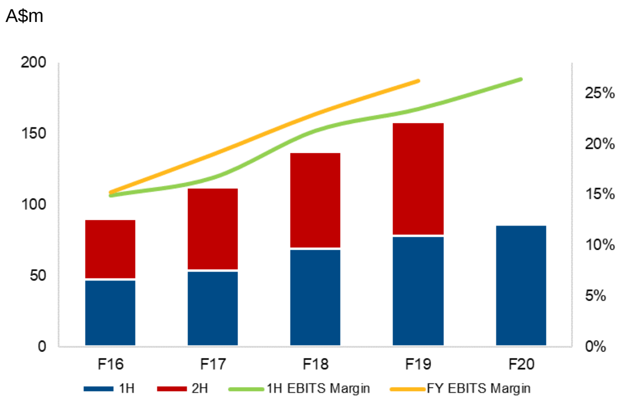
Regional Summaries

Australia & New Zealand (ANZ)

Financial performance[31]

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	325.8	333.7	(2.4)%	334.1	(2.5)%
NSR per case (A$)	80.36	77.02	4.3%	77.11	4.2%
EBITS (A$m)	85.9	78.2	9.8%	75.6	13.6%
EBITS margin (%)	26.4%	23.4%	3.0ppts	22.6%	3.8ppts

Historical EBITS and EBITS margin*



** Chart presented on a reported currency basis, with prior periods restated for AASB16 Leases*

Business performance

- NSR declined 2.5% in 1H20, driven by
  - Volume decline of 6.4% due to reduced Commercial volumes and temporary changes in buying patterns from key retailers across parts of the Luxury portfolio
  - NSR per case increased 4.2% through continued momentum in premiumisation
- COGS per case higher, reflecting mix improvement and higher COGS on Australian sourced Commercial wine
- Lower CODB reflecting realised benefits from the Simplify for Growth program, most notably establishment of the Global Business Services platform, and continued cost and investment discipline
- EBITS increased 13.6% to $85.9m, with EBITS margin improving 3.8ppts to 26.4%

ANZ regional perspectives

- Australian wine market volume remains flat, with value growth being driven by premiumisation. TWE is growing well ahead of the market in both the Masstige and Luxury categories while private label has continued to gain share across Commercial price points, contributing to the reduction in volumes in 1H20
- Across the portfolio, TWE is delivering top-line growth on key focus brands including Penfolds, Wolf Blass, Squealing Pig, 19 Crimes and The Stag
- TWE has the top three brands for absolute growth[32] in the market - Penfolds, 19 Crimes and Squealing Pig
- The on-premise category remains a focus and TWE has secured partnerships with significant customers in 1H20 providing strong brand visibility in key venues
- Alternative channels are also performing strongly, including Global Travel Retail and emerging retailers.
- TWE maintains its aspirational 25% market share target, to be achieved through prioritising growth across the Luxury and Masstige portfolios; 22% value share in 1H20[33]
- Continue to focus on maintaining 25%+ EBITS margin in F20

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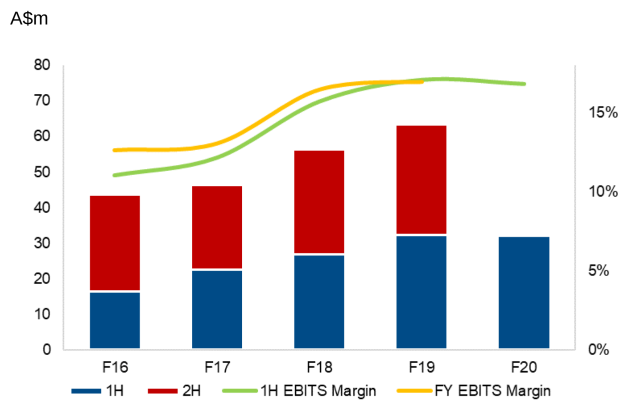
[31] Prior year has been restated for the application of *AASB16 Leases*
[32] Retail Sales Value Aztec Australia Liquor Weighted FYTD to 5 January 2020
[33] Aztec Sales Value Data, bottled and canned wine only, Australia Liquor Weighted, Scan 26 weeks to 22 December 2019

Regional Summaries
Europe, Middle East and Africa (EMEA)

Financial performance[34]

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	190.4	189.0	0.7%	191.9	(0.8)%
NSR per case (A$)	41.05	40.18	2.2%	40.80	0.6%
EBITS (A$m)	32.0	32.3	(0.9)%	33.6	(4.8)%
EBITS margin (%)	16.8%	17.1%	(0.3)ppts	17.5%	(0.7)ppts

Historical EBITS and EBITS margin*



** Chart presented on a reported currency basis, with prior periods restated for AASB16 Leases*

Business performance

- Lower NSR of 0.8% was driven by reduced Commercial volumes, particularly in MEA and Continental Europe, and partly offset by Masstige-led portfolio premiumisation in UK and the Nordics
- NSR per case 0.6% favourable and driven by continued portfolio premiumisation, led by 19 Crimes, Wolf Blass and Penfolds
- Unfavourable COGS per case reflects pricing pressure on Australian and US sourced Commercial wine and Masstige-led mix shift
- Favourable CODB reflects a disciplined approach to brand building investment and cost management
- EBITS margin 16.8% (14.8% excluding MEA); mid-teens margin target maintained

Europe regional perspectives

- Overall UK wine market conditions remain challenging, however the strong trend to premiumisation has continued with Masstige growth approximately 9.7% compared to Commercial declines of approximately 5.1%[35]
- Strong partnerships with key European retailers are key to delivering growth ahead of the market; focus continues to be on joint business planning and winning in store
- Continued prioritisation of key markets (UK, Sweden and the Netherlands) and a focused portfolio of brands
- 19 Crimes continues to grow across the region driven by growth in Continental Europe and the Nordics and increased distribution in the UK; with volume up 78.5% versus pcp in the UK Off-Trade[36]
- Priority to maintain mid-teen EBITS margin in F20, with benefits of premiumisation and additional cost efficiency to be offset by impacts on Australian Commercial sourced COGS

[34] Prior year comparatives have been restated to reflect the transition of the MEA business from Asia to EMEA and the application of *AASB16 Leases*
[35] Nielsen, Total Coverage, Total Still Light Wine, 26 weeks ending 28.12.19 (750ml bottled still wine only)
[36] Nielsen UK Off Trade 26 weeks ending 28.12.19

Vintage update

California

Moderate weather conditions throughout the growing season and lack of heat spikes in harvest drove gradual maturation, good balance and fresh fruit flavours across California, resulting in a high quality vintage for 2019. Tonnage was generally lower than the large 2018 vintage but it was variety and region dependent. For TWE, it was a strong harvest across the board with tonnage at long term averages and superior quality across TWE’s luxury portfolio particularly Napa Cabernet Sauvignon.

Wildfires in late October had a minimal impact on the 2019 Vintage as it was isolated to the northern region of Sonoma County and the majority of grapes had been picked across the state by this time.

Australia

Vintage 2020 growing conditions to date have been challenging in all regions due to an extremely dry winter, cool and windy conditions during fruit set followed by unprecedented heat spikes during December and into early 2020. While Commercial yields are likely to be in line with vintage 2019, current expectations are for lower Luxury and Masstige yields from Limestone Coast sourcing regions and yields similar to vintage 2019 from central sourcing regions. Recent fires across South Australia and Victoria have had no direct impact on TWE, but impact from a potential smoke taint perspective is not yet known.

New Zealand

The 2020 New Zealand vintage has experienced variable weather conditions with above average rainfall. Conditions in Marlborough and Nelson have led to good fruit sets and healthy canopies while Central Otago is expected to deliver lower than average yields. For TWE the growing conditions to date are supportive of a high-quality vintage, with yields anticipated to be in line with or slightly above vintage 19. From a quality perspective the growing season is looking promising across Marlborough Sauvignon Blanc and Pinot Noir and Central Otago Pinot Noir.

France

The 2019 vintage in France was generally a good quality vintage across the regions. Overall tonnage was lower than Vintage 2018 due to the impact of frost and drought in some regions. For TWE, it was a strong first vintage from Bordeaux with sunshine compensating for the lack of temperature and allowing long and even maturation. From a quality perspective the 2019 vintage is looking strong especially across Cabernet.

Appendix 1: Impact of AASB 16 Leases

TWE has adopted AASB 16 Leases in F20, and has applied the standard on a fully retrospective basis. This appendix exhibits the impact of AASB 16 on the Group's Profit and Loss Statement, Balance Sheet, Cash Flow Statement and other key metrics for 1H19

		1H19		
$Am (unless otherwise stated)	**Note**	**Pre AASB 16**	**AASB 16 Impact**	**Restated**
Net sales revenue		1,507.7	-	1,507.7
NSR per case ($)		*80.64*	-	*80.64*
Other Revenue		30.1	-	30.1
Cost of goods sold	1	(893.5)	8.6	(884.9)
Cost of goods sold per case ($)		*47.79*	(0.46)	*47.33*
Gross profit		644.3	8.6	652.9
Gross profit margin (% of NSR)		*42.7%*	0.6%	*43.3%*
Cost of doing business		(306.0)	-	(306.0)
Cost of doing business margin (% of NSR)		*20.3%*	-	*20.3%*
EBITS (before material items)		**338.3**	8.6	**346.9**
EBITS margin (%)		*22.4%*	0.6%	*23.0%*
SGARA		(6.2)	-	(6.2)
EBIT (before material items)		**332.1**	8.6	**340.7**
Net finance costs	2	(24.1)	(16.6)	(40.7)
Tax expense	3	(88.8)	2.2	(86.6)
Net profit after tax (before material items)		**219.2**	**(5.8)**	**213.4**
Material items (after tax)		-	-	-
Net profit after tax		**219.2**	**(5.8)**	**213.4**
Reported EPS (A¢)		30.5	(0.8)	29.7
Net profit after tax (before material items and SGARA)		**223.8**	**(5.8)**	**218.0**
EPS (before material items and SGARA) (A¢)		31.2	(0.8)	30.4
Average no. of shares (m)		718.3	-	718.3
Dividend (A¢)		18.0	-	18.0

1. COGS reduction reflects lower production asset related lease costs (vineyard right of use depreciation charge under AASB 16 is lower than operating lease expense previously recognised).
2. Net finance costs increase to reflect interest expense on the lease liability
3. Tax expense reflects the tax effect of the above adjustments

Regional Impact

The Group has operating leases for vineyards, buildings, equipment and motor vehicles across all operating regions and the impact for each of these regions will vary as AASB 16 replaces the straight-line operating expense with a depreciation charge on these new right of use assets. The impact on regional EBITS is set out below. There is no impact on NSR.

In addition, EBITS impacts relating to the transition of the Middle East & Africa region (MEA), from Asia to EMEA are shown below. The NSR contributed by MEA was $13.4m in 1H19.

	1H19				
EBITS A$m	**Pre AASB 16**	**AASB 16 Impact**	**Restated**	**MEA Impact**	**Restated**
Americas	112.1	6.8	118.9	-	118.9
Asia	153.1	0.5	153.6	(5.8)	147.8
EMEA	26.3	0.2	26.5	5.8	32.3
ANZ	77.4	0.8	78.2	-	78.2
Corporate	(30.6)	0.3	(30.3)	-	(30.3)
TWE EBITS	**338.3**	**8.6**	**346.9**	-	**346.9**

	1H19				
EBITS Margin %	**Pre AASB 16**	**AASB 16 Impact**	**Restated**	**MEA Impact**	**Restated**
Americas	18.5%	1.2%	19.7%	-	19.7%
Asia	38.9%	0.1%	39.0%	-0.1%	38.9%
EMEA	15.0%	0.1%	15.1%	2.0%	17.1%
ANZ	23.2%	0.2%	23.4%	-	23.4%
TWE EBITS Margin	**22.4%**	**0.6%**	**23.0%**	-	**23.0%**

Balance Sheet

		1H19		
A$m	**Notes**	**Pre AASB 16**	**AASB 16 Impact**	**Restated**
Cash & cash equivalents		183.0	-	183.0
Receivables		829.1	-	829.1
Current inventories	1	1,092.4	(23.3)	1,069.1
Non-current inventories		912.8	(19.5)	893.3
Property, plant & equipment		1,440.5	-	1,440.5
Right of use lease assets	2	-	505.6	505.6
Agricultural assets		40.7	-	40.7
Intangibles		1,156.7	-	1,156.7
Tax assets	3	145.4	26.5	171.9
Assets held for sale		39.1	-	39.1
Other assets		17.7	-	17.7
Total assets		**5,857.4**	**489.3**	**6,346.7**
Payables	4	809.9	(63.5)	746.4
Interest bearing debt		1,128.0	-	1,128.0
Lease liabilities	5	-	622.7	622.7
Tax liabilities		236.9	-	236.9
Provisions		49.8	-	49.8
Other liabilities		15.2	-	15.2
Total liabilities		**2,239.8**	**559.2**	**2,799.0**
Net assets		**3,617.6**	**(69.9)**	**3,547.7**

1. Inventories decrease is due to lower production asset related overhead costs (right of use depreciation charge under AASB 16 is lower than operating lease expense previously recognised, noting that these costs are recognised as part of the cost of inventory)

2. Right of use assets arerecognised on the balance sheet at the present value of contracted future cash flows

3. Deferred tax asset relates to the tax effect of the new lease liability and the deferred tax liability relates to the tax effect of the new right of use assets

4. Payables decrease represents removal of valuation adjustments to leases, including straight line operating leases

5. The lease liability associated with the right of use asset is valued at the discounted future minimum lease payments

Cash Flow

		1H19		
A$m (unless otherwise stated)	**Notes**	**Pre AASB 16**	**AASB 16 Impact**	**Restated**
EBITDAS	1	**388.3**	**37.2**	**425.5**
Change in working capital	2	(188.5)	0.8	(187.7)
Other items		8.0	-	8.0
Net operating cash flows before financing costs, tax & material items		**207.8**	**38.0**	**245.8**
Cash conversion		**53.5%**	**4.2%**	**57.7%**
Payments for capital expenditure		(93.6)	-	(93.6)
Proceeds from sale of assets		26.6	-	26.6
Cash flows after net capital expenditure, before financing costs, tax & material items		**140.8**	**38.0**	**178.8**
Net interest paid	3	(25.3)	(16.6)	(41.9)
Tax paid		(88.7)	-	(88.7)
Cash flows before dividends & material items		**26.8**	**21.4**	**48.2**
Dividends/distributions paid		(122.2)	-	(122.2)
Cash flows after dividends before material items		**(95.4)**	**21.4**	**(74.0)**
Material item cash flows		(0.7)	-	(0.7)
On-market share purchases		(16.6)	-	(16.6)
Total cash flows from activities (before debt)		**(112.7)**	**21.4**	**(91.3)**
Net (repayment) of / proceeds from borrowings	4	204.6	(21.4)	183.2
Total cash flows from activities		**91.9**	**-**	**91.9**
Opening net debt		**(802.3)**	**(534.6)**	**(1,336.9)**
Total cash flows from activities (above)		(112.7)	21.4	(91.3)
Lease liability additions	5	-	(88.8)	(88.8)
Net debt acquired		-	-	-
Debt revaluation and foreign exchange movements	6	(35.4)	(20.7)	(56.1)
Increase in net debt		**(148.1)**	**(88.1)**	**(236.2)**
Closing net debt		**(950.4)**	**(622.7)**	**(1,573.1)**

1. EBITDAS increase reflects higher EBITS (see above) and removal of depreciation

2. Adjustment relates predominantly to the change in inventory and payables per the Balance Sheet

3. Net Interest Paid increase to reflect interest expense on the lease liability

4. Repayment of borrowings reflects the portion of lease payments attributable to the repayment of principal

5. Lease additions resulting from entry into new arrangements, renewal of existing arrangements and contracted rental escalations

6. Currency translation adjustments reflect impact on incremental lease liabilities

F20 HALF YEAR RESULTS

TREASURY
WINE ESTATES

29 January 2020

Michael Clarke, Chief Executive Officer
Tim Ford, Chief Operating Officer
Matt Young, Chief Financial Officer

INTRODUCTION

Michael Clarke Chief Executive Officer

TREASURY
WINE ESTATES

1H20 Results Headlines[1,2,3]

- **NSR** $1,536.1m, up 2%, led by continued premiumisation and partly offset by volume declines across the Commercial portfolio
- **EBITS** $366.7m, up 6%; up 3% adjusting for constant currency
- Group **EBITS margin** 23.9%, up 0.9ppts
- **NPAT**[4] $229.2m, up 5%
- **EPS**[4] of 31.9 cents per share, up 5%
- **Cash conversion** 85%, with **Leverage** 1.7x
- **Interim dividend** 20 cents per share, fully franked, representing a 63% payout ratio
- Strong performance across the Asia, ANZ and EMEA regions driven by continued growth in Luxury and Masstige
- Loss of execution momentum and challenging US wine market conditions were a setback to Americas regional performance in 1H20; outperformance in Luxury and Masstige sustained

1. Financial information in this report is subject to audit review, which will be completed in conjunction with preparation of the Appendix 4D that will be released on 13 February 2020. 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. All figures and calculations are subject to rounding; prior year comparatives have been restated for the application of *AASB16 Leases*
3. Result Headlines metrics disclosed on a reported currency basis, unless marked otherwise
4. Before material items and SGARA

Key Markets Update

United States

- TWE experienced a loss of execution momentum in 1H20, contributed to by unplanned management changes, which was exacerbated by challenging US market conditions
- Aggressive price discounting and promotional activity observed across the US market:
  - Higher than anticipated levels of supply due to trade tariffs and above-average recent vintages
  - Discounting by competitors ahead of potential divestitures
  - Accelerating growth of private label, up approximately 15%, in a market that is flat to down (a significant market shift)
- TWE is outperforming the US Luxury & Masstige market in both value and volume[1]
- TWE is confident about the market and its long-term prospects in the US; focused on re-gaining momentum

China

- Short-term industry tightening of working capital observed across distributors, wholesalers and retailers affecting our competitors; as reflected in import data
- One of TWE's largest customers, an exclusive partner of Rawson's Retreat and lower Luxury brands, addressed this market dynamic by going through a restructure in 1H20; as a result, the customer partnership model for these brands has been broadened to include a wider group of partners
- TWE's business model a key to sustainably navigating changing industry trends and macroeconomic cycles

1. IRI Market Advantage, Multi-Outlet + Liquor, 26 and 52 weeks ending 29 December 2019

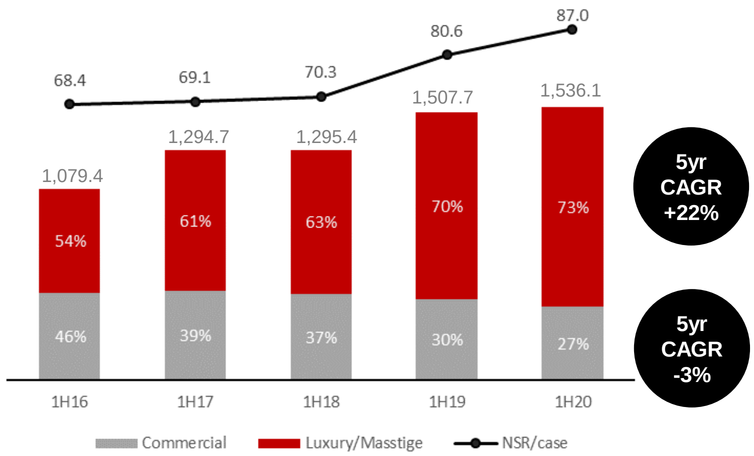
FINANCIAL PERFORMANCE

Matt Young Chief Financial Officer

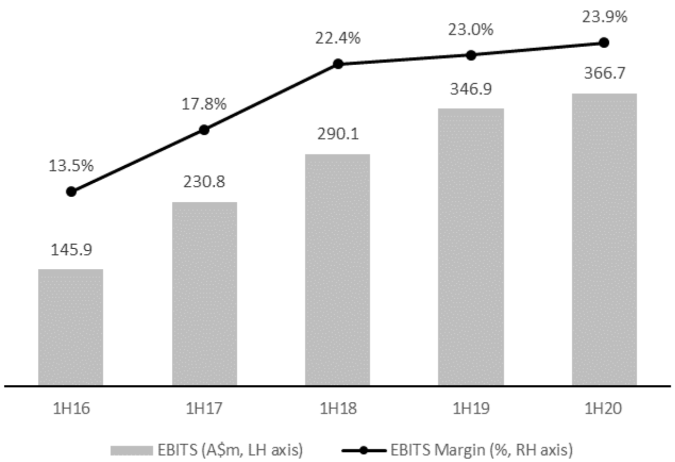
TREASURY WINE ESTATES

1H20 result; key measures of performance[1,2]

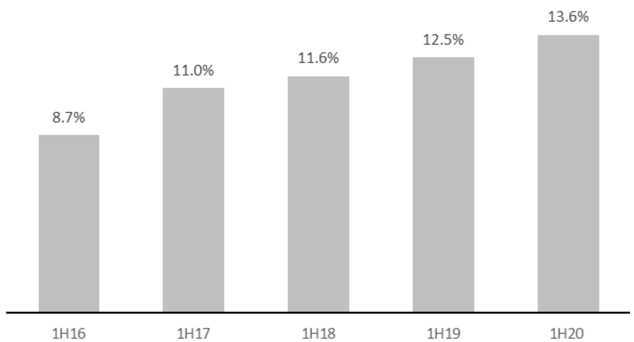
Group NSR (A$m) and NSR per case



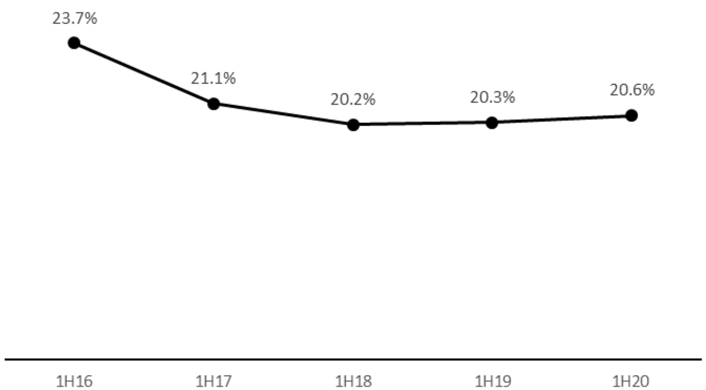
Group EBITS (A$m) and EBITS margin



Return on Capital Employed (ROCE)



Cost of Doing Business (CODB) Margin



1. Numbers subject to rounding
2. Prior year comparatives have been restated for the application of *AASB16 Leases*

Balance Sheet[1,2,3]

A$m	1H20	F19 Restated	1H19 Restated
Cash & cash equivalents	335.6	401.8	183.0
Receivables	703.5	662.0	829.1
Current inventories	996.6	1,001.7	1,069.1
Non-current inventories	1,015.3	1,045.6	893.3
Property, plant & equipment	1,420.6	1,398.7	1,440.5
Right of use lease assets	510.1	507.1	505.6
Agricultural assets	39.1	29.4	40.7
Intangibles	1,177.7	1,163.8	1,156.7
Tax assets	171.9	181.0	171.9
Assets held for sale	72.3	78.3	39.1
Other assets	19.5	21.0	17.7
Total assets	**6,462.2**	**6,490.4**	**6,346.7**
Payables	665.3	718.6	746.4
Interest Bearing Debt	1,155.0	1,165.1	1,128.0
Lease Liabilities	636.1	629.5	622.7
Tax liabilities	241.2	289.5	236.9
Provisions	56.6	48.0	49.8
Other liabilities	8.2	8.6	15.2
Total liabilities	**2,762.4**	**2,859.3**	**2,799.0**
Net assets	**3,699.8**	**3,631.1**	**3,547.7**

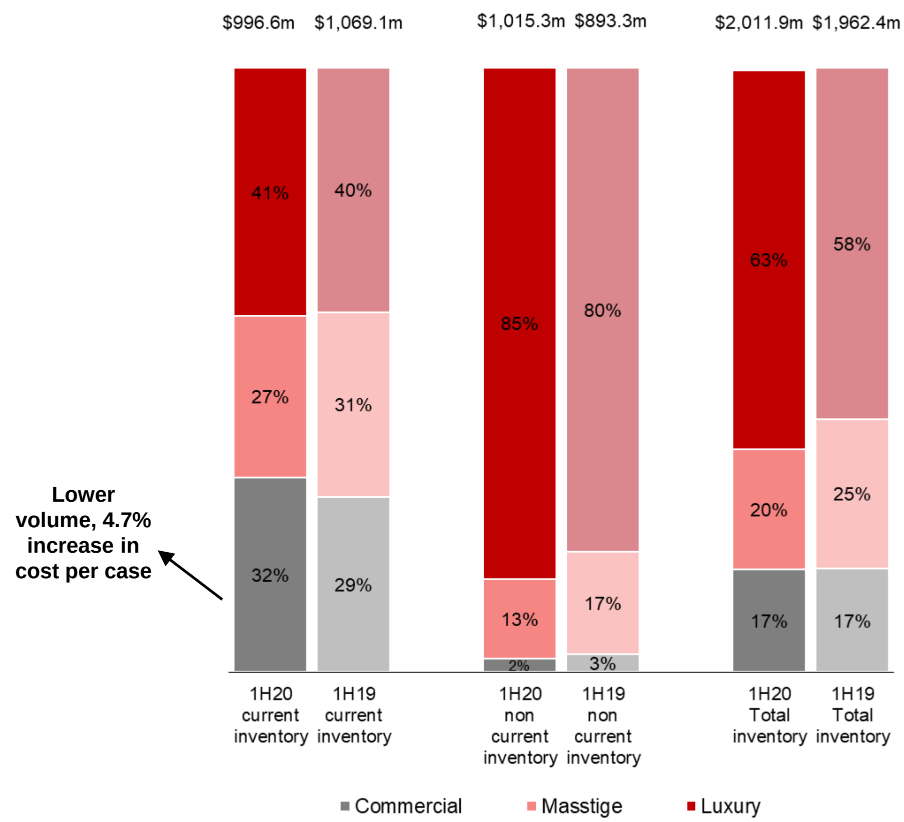
Efficient and flexible balance sheet maintained

- Net assets increased $68.7m on a reported currency basis in 1H20
- Key factors driving the movement in net assets included:
  - Higher receivables, driven by revenue growth and the weighting of sales to Q2 ahead of key consumption occasions, including Chinese New Year
  - Property, Plant & Equipment, which increased following the investment in production assets in the Bordeaux region of France
  - Offset by lower cash, payables and inventory
- Application of AASB 16 Leases impacted inventory, right of use lease assets, tax assets / liabilities, payables and borrowings

1. Unless otherwise stated, all balance sheet percentage or dollar movements from the previous period are on a reported currency basis and in respect of the six months from 30 June 2019. Prior year comparatives have been restated for the application of *AASB16 Leases*
2. Working capital balances may include items of payables and receivables which are not attributable to operating activities
3. Interest bearing debt has been increased by $13.2m (1H19: $7.4m decrease, F19: $12.1m increase) to reflect fair value hedges on a portion of US Private Placement notes

Inventory analysis

Inventory at book value split by segment[1,2,3]



- Total inventory increased $49.5m to $2,011.9m
- Current inventory declined $72.5m to $996.6m, reflecting:
  - Updated forward twelve month sales volume expectations, most notably in the Americas
  - Efficient inventory management across parts of the Masstige portfolio
- Non current inventory increased $122.0m to $1,015.3m, driven by the high quality, high volume 2019 Australian vintage where Luxury intake was 10% up on prior year
  - Efficient inventory management also benefitted non-current inventory, particularly in Masstige
- Predominantly third-party sourcing model for Commercial inventory provides flexibility to efficiently respond to changes in demand; TWE is comfortable with the Commercial inventory position
- TWE is also comfortable with its Luxury and Masstige inventory position, which will facilitate future growth
- 2020 Australian vintage expected to be impacted by recent heat and drought conditions

1. Inventory composition subject to rounding. Totals based on sum of Non-Current and Current Inventory
2. Prior year has been restated for application of *AASB16 Leases*
3. 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

TREASURY WINE ESTATES

Cash flow and net debt[1]

Solid cash flow generation

A$m (unless otherwise stated)	1H20	1H19 Restated
EBITDAS	**444.7**	**425.5**
Change in working capital	(73.8)	(187.7)
Other items	7.4	8.0
Net operating cash flows before financing costs, tax & material items	**378.3**	**245.8**
Cash conversion	**85.1%**	**57.7%**
Payments for capital expenditure and subsidiaries	(113.2)	(93.6)
Proceeds from sale of assets	28.7	26.6
Cash flows after net capital expenditure, before financing costs, tax & material items	**293.8**	**178.8**
Net interest paid	(43.8)	(41.9)
Tax paid	(123.7)	(88.7)
Cash flows before dividends & material items	**126.3**	**48.2**
Dividends/distributions paid	(140.2)	(122.2)
Cash flows after dividends before material items	**(13.9)**	**(74.0)**
Material item cash flows	(6.3)	(0.7)
On-market share purchases	(4.9)	(16.6)
Total cash flows from activities (before debt)	**(25.1)**	**(91.3)**
Net (repayment) / proceeds from borrowings	(42.2)	183.2
Total cash flows from activities	**(67.3)**	**91.9**

Opening net debt	**(1,380.0)**	**(1,336.9)**
Total cash flows from activities (above)	(25.1)	(91.3)
Lease liability additions	(30.9)	(88.8)
Net debt acquired	(3.2)	-
Debt revaluation and foreign exchange movements	(2.4)	(56.1)
Increase in net debt	**(61.6)**	**(236.2)**
Closing net debt	**(1,441.6)**	**(1,573.1)**

- 85.1% cash conversion in 1H20; excluding the net change in non-current Luxury & Masstige inventory cash conversion was 77.5%
- Leverage 1.7x, improved from 2.1x in pcp[3]

Investing for growth[2]

A$m	1H20	1H19
IT spend	8.4	7.1
Oak purchases	5.1	15.2
Vineyard redevelopments	17.2	22.3
Upgrades to wine making equipment and facilities	14.4	22.3
Other capital expenditure	6.1	15.1
Total maintenance and replacement capex	**51.2**	**82.0**
Vineyard acquisitions	26.8	3.9
Growth initiatives	13.0	7.7
Investment in French production assets	22.2	-
Total growth capex	**62.0**	**11.6**
Total capital expenditure	**113.2**	**93.6**
Lease Capex Additions	30.9	88.8

- Capital expenditure (capex) $113.2m in 1H20, including:
  - Maintenance & Replacement capex of $51.2m
  - Growth initiatives include investments in South Australian Luxury winemaking assets, acquisition of French production assets and vineyard acquisitions
- Lease additions $30.9m, driven by lease extension for South Australian distribution centre
- F20 guidance for capex maintained:
  - Maintenance & Replacement capex of $100m to $110m
  - Growth capex up to $135m, including purchase of French production assets
  - Lease additions in the range of $30m to $40m

1. All cash flow percentage or dollar movements from the previous corresponding period are on a reported currency basis
2. 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
3. Ratio of total net borrowings to last twelve month EBITDAS which includes the addition of depreciation expense incurred in the period; previously TWE was reporting this metric using S&P's lease capitalisation methodology

REGIONAL PERFORMANCE

Tim Ford Chief Operating Officer

TREASURY
WINE ESTATES

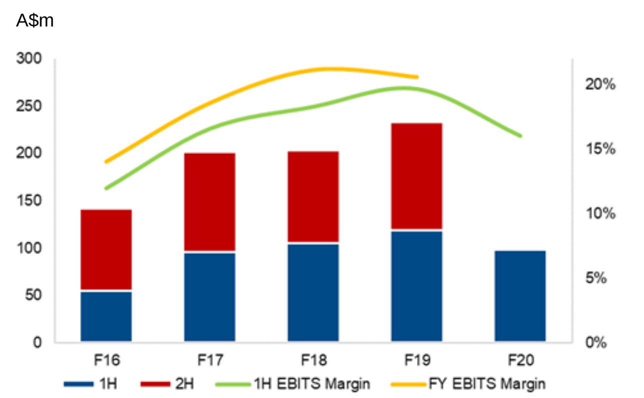
Americas

Outperforming the market in Luxury & Masstige; loss of momentum against challenging conditions

Americas regional performance

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	612.4	604.6	1.3%	639.1	(4.2)%
NSR per case (A$)	88.08	81.40	8.2%	86.05	2.4%
EBITS (A$m)	98.3	118.9	(17.3)%	133.6	(26.4)%
EBITS margin (%)	16.1%	19.7%	(3.6)ppts	20.9%	(4.8)ppts

Historical EBITS and margin performance[1]



Business headlines

- Performance impacted by a loss of execution momentum, contributed to by unforeseen management changes, and the persistence of challenging conditions in the US wine market which accelerated in Q2 (including the growth of private label which grew approximately 15%[2])
- NSR declined 4.2%, driven by lower Commercial volumes (down 11%) and increased levels of promotional support to compete with persistent competitor discounting
- Higher COGS per case reflects ongoing impact to US Luxury COGS, notably across leased vineyards, and increased costs of Australian sourced Commercial inventory
- Strong momentum in premiumisation, with Luxury and Masstige depletions up 10% and 5% respectively versus pcp
- Healthy distribution channels maintained across the portfolio; shipments were in line with depletions in 1H20
- TWE remains confident about both the market and its long-term prospects in the US
- 25% medium-term EBITS margin target maintained

1. Presented on a reported currency basis, prior year comparatives have been restated for the application of *AASB16 Leases*
2. IRI Market Advantage, Multi-Outlet + Liquor, 26 and 52 weeks ending 29 December 2019

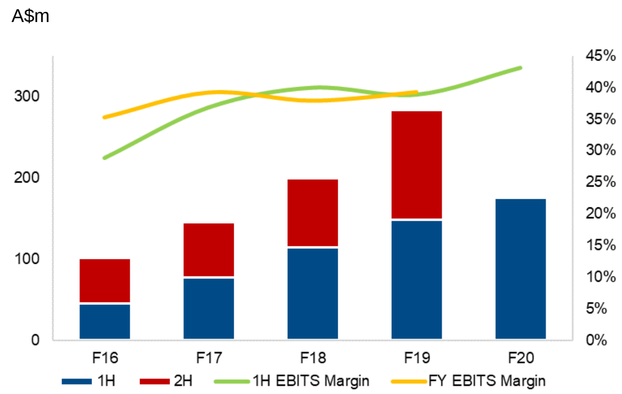
Asia

Strong demand and outstanding execution continuing delivery of growth across the region

Asia regional performance

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	407.5	380.4	7.1%	381.3	6.9%
NSR per case (A$)	202.71	170.24	19.1%	170.64	18.8%
EBITS (A$m)	175.5	147.8	18.7%	143.7	22.1%
EBITS margin (%)	43.1%	38.9%	4.2ppts	37.7%	5.4ppts

Historical EBITS and margin performance[1]



Business headlines

- Continued earnings growth delivered across the region, with top-line growth driven by strong demand for TWE's portfolio
- Short-term industry tightening of working capital observed across distributors, wholesalers and retailers, which has impacted TWE's competitors
- Volume temporarily impacted due to distribution reset with one large customer who restructured their business:
  - Shipments of Rawson's Retreat and some lower Luxury brands were impacted, and have since normalised
  - Excluding this, 1H20 region volume and NSR grew 14% and 22% respectively in 1H20
  - Forward days inventory cover lower versus prior year as a result, healthy sales channels maintained across region
- Strong momentum across premium focused portfolio, with China 1H20 Luxury and Masstige depletions up over 40% versus pcp
- Higher CODB reflects ongoing investment in organisational capability and customer pull-through programs throughout the region to support future growth
- 35%+ EBITS margin guidance maintained

1. Presented on a reported currency basis, prior year comparatives have been restated for the application of *AASB16 Leases* and transition of the MEA business from Asia to EMEA

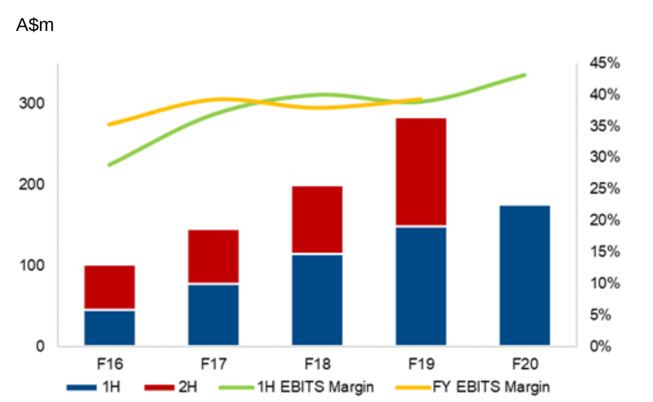
Australia & New Zealand

Continued momentum in premiumisation driving margin accretive growth

ANZ regional performance

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	325.8	333.7	(2.4)%	334.1	(2.5)%
NSR per case (A$)	80.36	77.02	4.3%	77.11	4.2%
EBITS (A$m)	85.9	78.2	9.8%	75.6	13.6%
EBITS margin (%)	26.4%	23.4%	3.0ppts	22.6%	3.8ppts

Historical EBITS and margin performance[1]



Business headlines

- NSR declined 2.5%, reflecting:
  - Reduced Commercial volumes (down 12%), driven primarily by growth in private label and electing to not participate in some lower margin volumes
  - Temporary changes in buying patterns from key retailers across parts of the Luxury portfolio as they reshape their portfolio strategy with respect to liquor
- COGS per case higher, reflecting mix improvement and higher COGS on Australian sourced Commercial wine
- Lower CODB due to benefits realised from the Simplify for Growth program, and continued cost and investment discipline
- TWE is growing well ahead of the market in both the Masstige and Luxury categories, with key focus brands including Penfolds, Wolf Blass, Squealing Pig, 19 Crimes and The Stag delivering top-line growth
- Continue to focus on maintaining 25%+ EBITS margin in F20, along with 25% market share target in Australia (current value share 22%[2])

1. Presented on a reported currency basis, prior year comparatives have been restated for the application of *AASB16 Leases*
2. Aztec sales value data, bottled and canned wine only, Australia Liquor Weighted, Scan 26 weeks to 22 December 2019

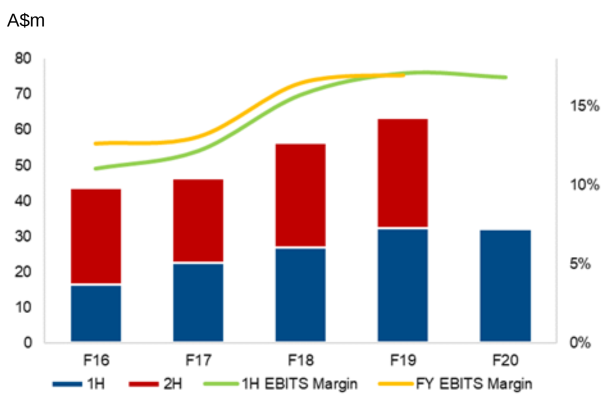
Europe, Middle East & Africa

Masstige-led growth offset by high Australian Commercial COGS; mid-teens EBITS margin maintained

EMEA regional performance

A$m	1H20	1H19 Restated	%	1H19 Restated	%
		Reported currency		Constant currency	
NSR (A$m)	190.4	189.0	0.7%	191.9	(0.8)%
NSR per case (A$)	41.05	40.18	2.2%	40.80	0.6%
EBITS (A$m)	32.0	32.3	(0.9)%	33.6	(4.8)%
EBITS margin (%)	16.8%	17.1%	(0.3)ppts	17.5%	(0.7)ppts

Historical EBITS and margin performance[1]



Business headlines

- NSR decline of 0.8% reflects reduced Commercial volumes particularly in MEA and Continental Europe, partly offset by Masstige-led portfolio premiumisation in UK and Nordics
- COGS per case higher, reflecting mix shift and pricing pressure on Australian and US sourced commercial wine
- Lower CODB due to continued cost and investment discipline
- Focus on maintaining mid-teen EBITS margin in F20 through continued premiumisation and cost efficiency

1. Presented on a reported currency basis, prior year comparatives have been restated for the application of *AASB16 Leases* and transition of the MEA business from Asia to EMEA

SUMMARY AND OUTLOOK

Michael Clarke Chief Executive Officer

TREASURY
WINE ESTATES

Performance scorecard

Areas performing to expectation

- TWE's global self-distribution business model and premiumisation strategy across all markets
- Multi-regional sourcing to de-risk supply
- Multi-regional selling to de-risk earnings
- Luxury and Masstige growth delivering margin accretive growth in Asia
- Luxury and Masstige growth delivering margin accretive growth in ANZ
- Luxury and Masstige growth ahead of the market in the US
- 15% margin maintained in EMEA

Areas to be addressed

- Re-build momentum in the US market, with full Americas leadership team now in place
- Commercial trends and COGS pressures, globally
- Manage our global Commercial wine business differently

Summary and outlook

- 1H20 result reflects momentum behind premiumisation, across all regions, and the strength of TWE's diversified global model
- Strong performances delivered across Asia, ANZ and EMEA, and in the Americas, within Luxury and Masstige - all areas where TWE is gaining momentum and delivering improving financial returns
- TWE expects to re-gain momentum and return the Americas region to growth once challenging market conditions subside
- Strategic review of operating model underway, focused on opportunities to accelerate returns from premiumisation and managing the Commercial wine business differently
- TWE now expects reported EBITS growth of 5% to 10% in F20[1]
- For F21, TWE expects reported EBITS growth of approximately 10% to 15%[2]:
  - Reflects continued premiumisation and availability of Luxury wine
  - Balanced against risks associated with challenging US wine market conditions persisting into F21, and potential impacts from the 2020 Australian vintage
  - Excludes any initiatives from strategic review to manage Commercial wine business differently, which TWE expects would deliver meaningful benefits in future

1. Assuming no material changes due to foreign exchange movements and does not include one-off charges of $35m associated with the expansion of Luxury winemaking infrastructure in South Australia. Base F19 comparative EBITS $681.4m, restated for the application of *AASB16 Leases*
2. Assuming no material changes due to vintage or foreign exchange movements

QUESTIONS

SUPPLEMENTARY INFORMATION

Volume

Volume, m 9Le)	1H20	1H19	%
Americas	7.0	7.4	(6.4)%
Asia	2.0	2.2	(10.0)%
EMEA	4.6	4.7	(1.4)%
ANZ	4.1	4.3	(6.4)%
TWE EBITS	**17.7**	**18.6**	**(5.6)%**

- **Americas:** Lower volume driven by a 10% decline in Commercial volumes, partly offset by higher Luxury volumes
- **Asia:** Volume decline largely the result of lower shipments to one large customer for Rawson's Retreat and some lower Luxury brands. TWE has re-set its customer partnership model to better balance the distribution of these brands, which has since normalised. Excluding the impact of this one customer, Asia regional volume grew 14%
- **ANZ:** Volume decline due to reduced Commercial volumes and temporary changes in buying patterns from key retailers across parts of the Luxury portfolio
- **EMEA:** Volume decline driven by reduced Commercial volumes, particularly in MEA and Continental Europe, and partly offset by Masstige-led growth in UK and the Nordics

Capital Management

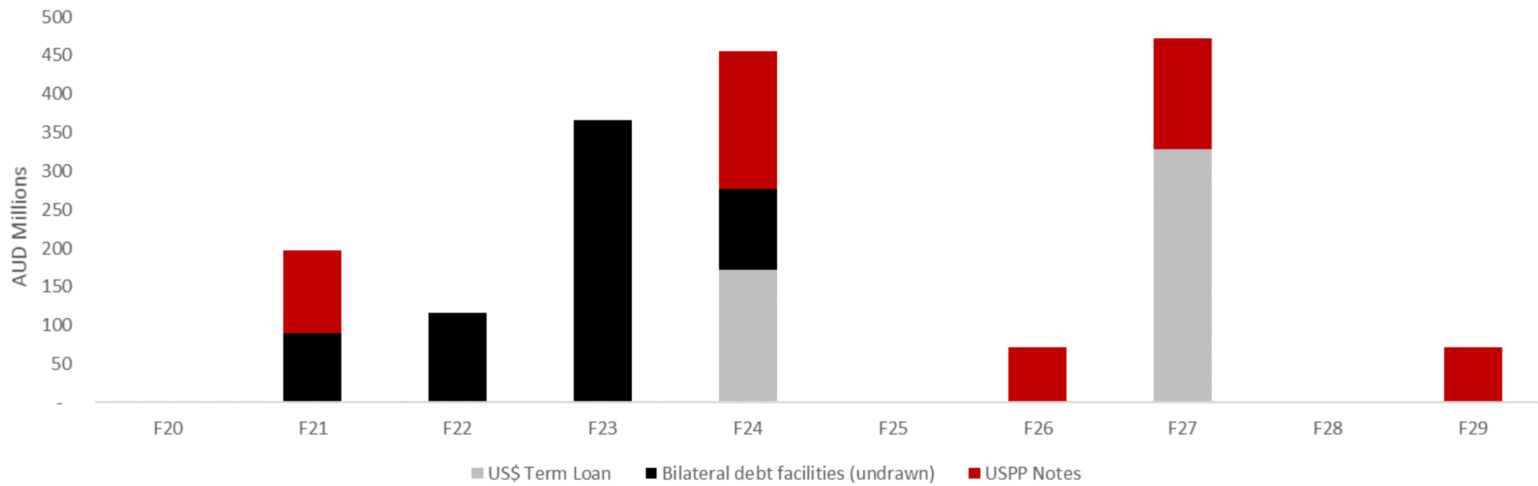
Disciplined approach to capital management

- Investment grade credit metrics maintained:
- Net debt / EBITDAS 1.7x at 1H20[1]; reduction of 0.4x vs 1H19
- Interest cover of 12.4x
- Continued focus on delivering shareholder returns in a disciplined and sustainable manner:
  - F20 interim dividend of 20.0 cents per share declared, fully franked, representing a 62.7% NPAT payout ratio[2]

Maintenance of flexible and efficient financing program

- Refinanced US$ syndicated term loan via extension of US$230m tranche, restoring the original seven year term along with reduction to facility margin
- Reduction of existing Bilateral bank debt facilities $100m in line with review for requirement of debt funding capacity through a five-year plan horizon
- Average duration of commitments rebalanced to 4.5 years
- Available liquidity comprising cash of $335.6m and undrawn committed debt facilities of $721.8m

Maturity profile – committed debt facilities



1. Ratio of total Net Borrowings to last twelve-month EBITDAS, including the addition of depreciation expense attributable to leases incurred in the period; previously TWE was reporting this metric using S&P's lease capitalisation methodology
2. TWE targets an dividend payout ratio of 55-70% of NPAT (pre-material items and SGARA) over a fiscal year

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Impact of foreign exchange rate movements & hedging

1H20 constant currency impact

CFX Impact (A$m)			
Currency	Underlying	Hedging[1]	Total
AUD/USD and AUD/GBP	14.6	(0.4)	14.2
Net other currencies	(4.9)	0.0	(4.9)
1H20	**9.7**	**(0.4)**	**9.3**
AUD/USD and AUD/GBP	15.4	(3.0)	12.4
Net other currencies	(7.9)	(0.6)	(8.5)
1H19	**7.5**	**(3.6)**	**3.9**

- $9.3m constant currency foreign exchange benefit in 1H20 (comprising transaction and translation impacts)
- TWE has a diversified portfolio of currency exposures where production cost currencies and revenue generating currencies are not matched
  - $14.6m benefit from depreciation of the AUD relative to the main currency pairs (USD and GBP), offset by $4.9m adverse revenue impact largely reflecting movements in TWE's primary revenue currencies[2]
  - $0.4m relative impact from hedging in 1H20 versus the prior year ($1.4m realised loss in 1H20 vs $1.0m loss in the prior year based on constant currency basis)

2H20 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%	(0.8)
CAD/USD	NSR	+1%	0.5
EUR/GBP	NSR	+1%	0.6
USD/GBP	COGS	+1%	(0.2)

- 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 Masstige price segments:
  - AUD/GBP: c.70% of 2H20 exposure protected against appreciation of the exchange rate above 0.54
  - AUD/USD: c.62% of 2H20 exposure protected against appreciation of the exchange rate above 0.71

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, AUD relative to the CNY and SGD in Asia

Disclaimer

Summary information

The material in this presentation is summary information about Treasury Wine Estates Limited (TWE) and its subsidiaries and their activities, current as at the date of this presentation unless otherwise stated. It should be read in conjunction with TWE's other announcements filed with the Australian Securities Exchange, which are available at www.asx.com.au.

No representation is made as to the accuracy, completeness or reliability of this presentation.

Exchange rates

Average exchange rates used for profit and loss purposes in the 1H20 results are: $A1 = $US 0.6844 (1H19: $A1 = $US 0.7245), $A1 = GBP 0.5436 (1H19 $A1 = GBP 0.5597). Period end exchange rates used for balance sheet items in 1H20 results are: $A1 = $US 0.6994 (1H19 $A1 = $US 0.7044), $A1 = GBP 0.5333 (1H19 $A1 = GBP 0.5547).

Forward looking statements

This presentation contains forward looking statements, which may be identified by the use of terminology including 'expects', 'believes', 'targets', 'likely', 'should', 'could', 'intends', 'aims' or similar expressions. Indicators of and guidance on future earnings and financial position are also forward looking statements. These forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TWE, and which may cause actual results to differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on forward looking statements.

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Past performance information included in this presentation is for illustrative purposes only and cannot be relied on as a guide to future performance.

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