



## TREASURY WINE ESTATES

13 May 2021

ASX ANNOUNCEMENT

### **TWE 2021 Investor Day including financial updates**

Treasury Wine Estates Limited (ASX:TWE) is today holding an Investor Day in Sydney, Australia commencing at 10.00am AEST.

Enclosed are the investor day presentation materials. The materials have been loaded to the ASX platform in two parts (Part A and Part B). The event will be webcast live and accessible via the following link - <https://encore.com.au/TWE/InvestorDay21/>

#### **Financial updates**

Provided below is a summary of key financial information included in the presentation material which affirms TWE as a long-term quality growth business:

- TWE expects F21 EBITs to be in the range of \$495m to \$515m, ahead of current market consensus expectations and would represent growth of 33% in 2H21 compared to the prior corresponding period at the mid-point of the guidance range.
- Over the long-term TWE is targeting the delivery of sustainable top-line growth and high single-digit average earnings growth<sup>1</sup>.
- TWE's long-term financial objectives also include the continued premiumisation of its sales mix, expansion of its Group EBITs margin to the target of 25% and restoring and then growing ROCE.
- EBITs margin targets were provided for the new operating divisions with:
  - Penfolds targeting 40-45% EBITs margin, including investment to grow distribution;
  - Treasury Americas maintaining its 25% EBITs margin ambition; and

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<sup>1</sup> Organic, pre material items and on a constant currency basis. Continuation of COVID-19 related disruptions to key sales channels for luxury wine may influence short-term performance





- Treasury Premium Brands targeting EBITS margin in the high-teens.
- As previously announced, TWE is currently undertaking a global supply-chain optimisation program. This program is now expected to deliver annualised benefits of at least \$75m by F23, up from the \$50m of annualised benefits announced previously<sup>2</sup>.

## Divisional Key Financial Information

TWE also provided historical financial information for its three brand portfolio operating divisions<sup>3</sup> that it will commence operating under from 1 July 2021. Corporate costs have been allocated to divisions in line with the principles of the new operating model which includes a more streamlined corporate centre.

<b>Penfolds</b>	<b>F18</b>	<b>F19</b>	<b>F20</b>
Volume (m9LE)	2.1	2.8	2.5
NSR (A\$m)	544.3	816.0	765.2
NSR/Case (A\$)	255.3	287.3	312.2
EBITS (A\$m)	225.2	363.3	357.3
EBITS margin (%)	41%	45%	47%

<b>Treasury Americas</b>	<b>F18</b>	<b>F19</b>	<b>F20</b>	<b>F20 Proforma<sup>4</sup></b>
Volume (m9LE)	13.5	13.9	12.3	7.6
NSR (A\$m)	935.4	1,084.4	1,014.6	810.8
NSR/Case (A\$)	69.1	78.2	82.6	106.8
EBITS (A\$m)	188.1	202.5	120.2	130.2
EBITS margin (%)	20%	19%	12%	16%

<b>Treasury Premium Brands</b>	<b>F18</b>	<b>F19</b>	<b>F20</b>
Volume (m9LE)	18.9	18.8	17.6
NSR (A\$m)	949.2	931.2	869.7
NSR/Case (A\$)	50.2	49.6	49.4
EBITS (A\$m)	163.6	137.9	78.4
EBITS margin (%)	17%	15%	9%

<b>Corporate<sup>5</sup></b>	<b>F18</b>	<b>F19</b>	<b>F20</b>
EBITS (A\$m)	(32.9)	(22.6)	(22.4)

<sup>2</sup> F20 base, excluding inflation and volume-mix impact on COGS

<sup>3</sup> Historical financials remain subject to audit review

<sup>4</sup> Proforma financials adjusted for commercial portfolio brands divested March 2021 and organisational structure changes. Does not include any future benefit from supply chain optimisation initiatives or synergies

<sup>5</sup> Historical reported Corporate EBITs were F18: \$52.4m, F19: \$56.7m, F20: \$42.5m



## **Sustainability Framework**

TWE has also announced today an expanded suite of sustainability targets, including a new commitment to 100% renewable electricity by 2024 and net zero emissions (Scope 1 and 2) by 2030.

For the purposes of ASX Listing Rule 15.5, TWE confirms that this document has been authorised for release to the market by the Chairman of the Board.

## **Contacts:**

### **Media**

Melissa O'Neill  
Tel: +61 3 8533 3923  
Mob: +61 467 555 175

### **Investors**

Bijan Taghian  
Tel: +61 3 8533 3568  
Mob: +61 433 173 664



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TWE INVESTOR DAY

# Boldly leading change in the world of wine

13<sup>TH</sup> MAY 2021







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# TWE 2025

Tim Ford



# Destination Zero Harm

Emergency Procedures



FIRE EXIT



ASSEMBLY POINT



MANUAL CALL POINT



FIRE EXTINGUISHER CO2



FIRE BLANKET



HOSE REEL



WIP



FIRE HYDRANT

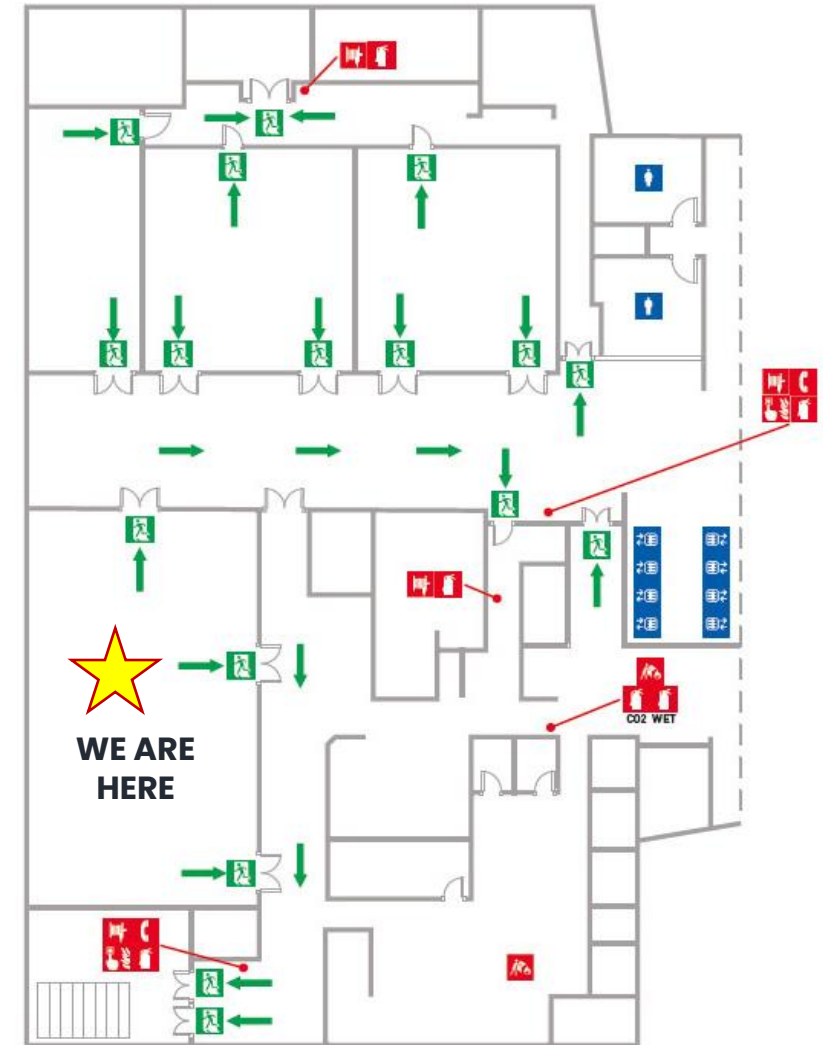


BREAK GLASS ALARM



EVACUATION EGRESS ROUTE

## LEVEL 2



# Our team presenting today



**Tim Ford**  
Chief Executive Officer



**Matt Young**  
Chief Financial Officer



**Stuart Boxer**  
Chief Strategy and  
Corporate  
Development Officer



**Ben Dollard**  
President, Treasury  
Americas<sup>1</sup>



**Kirsten Gray**  
Chief Corporate  
Services Officer and  
Company Secretary



**Katie Hodgson**  
Chief People Officer



**Tom King**  
Managing Director,  
Penfolds<sup>2</sup>



**Angus Lilley**  
Chief Marketing Officer



**Peter Neilson**  
Managing Director,  
Treasury Premium  
Brands<sup>3</sup>



**Kerrin Petty**  
Director, Global  
Supply Chain

<sup>1</sup> Effective 1 July, 2021 – currently President, Americas region

<sup>2</sup> Effective 1 July, 2021 – currently Managing Director, Asia region

<sup>3</sup> Effective 1 July, 2021 – currently Managing Director, Australia & New Zealand region

# Board members in attendance



**Paul Rayner**  
Chairman



**Warwick  
Every-Burns**  
Non-Executive Director



**Antonia Korsanos**  
Non-Executive Director

# Agenda



10:00am – 10:15am	<b>TWE 2025</b>	Tim Ford
10:15am – 10:30am	<b>The premium wine consumer</b>	Angus Lilley
10:30am – 10:50am	<b>Q&amp;A</b>	
10:50am – 11:10am	Break	
11:10am – 1:00pm	<b>Building our future</b> The new operating model Penfolds Treasury Americas Treasury Premium Brands	Stuart Boxer Tom King Ben Dollard Peter Neilson
<b>15 minute Q&amp;A to follow each divisional presentation</b>		
1:00pm – 2:00pm	Lunch	
2:00pm – 2:15pm	<b>Supply</b>	Kerrin Petty
2:15pm – 2:25pm	<b>World class talent</b>	Katie Hodgson
2:25pm – 2:40pm	<b>Towards a sustainable future</b>	Kirsten Gray, Kerrin Petty
2:40pm – 2:50pm	<b>Technology as a platform for growth</b>	Matt Young
2:50pm – 3:10pm	<b>Q&amp;A</b>	
3:10pm – 3:30pm	Break	
3:30pm – 3:45pm	<b>Our long-term growth</b>	Matt Young
3:45pm – 3:55pm	<b>Q&amp;A</b>	
3:55pm – 4:00pm	<b>Closing</b>	Tim Ford





# This is Treasury Wine Estates



Premium focused and consumer-led global wine company



Award winning portfolio of premium wine brands



Sales in over 70 countries across multiple distribution channels



World class asset base in internationally acclaimed wine making regions



Over 3,000 talented team members with global expertise



# Long-term investment case

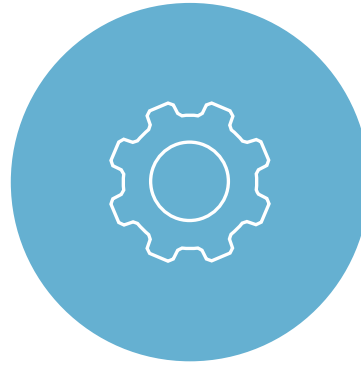
The elements supporting our 'through the cycle' growth ambitions



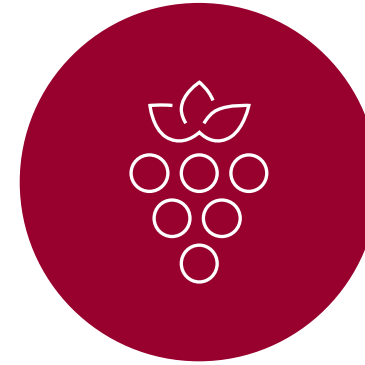
**Attractive  
category  
fundamentals**



**Best global portfolio  
of premium wine  
brands**



**Winning RTM  
model in all  
priority markets**



**Unparalleled  
global asset base**



**Strong and  
flexible capital  
structure**

# Our 10-year journey

A journey of substantial change that has strengthened our business



## Key corporate milestones

**2011**

Commenced trading on the ASX on the 10th of May 2011

**2014**

Accelerated investments behind luxury inventory growth strategy

**2015**

Acquired Diageo Wine, securing a step-change in access to Californian luxury supply

**2018**

Implemented new route-to-market in the US

**2019**

Acquired production and vineyard assets in Bordeaux, France  
Commenced significant expansion of South Australian luxury winemaking infrastructure

**2020**

Demonstrated resilience of business in dealing with a number of external factors (COVID-19, China tariffs, fires)

**2021**

Divested several commercial portfolio brands in the US



Transitioned to a premium focused brand and consumer-led business



Diversified our global business



Built advantaged distribution platforms in key global markets and channels



Accelerated investment to drive premiumisation



Establishing an efficient and fit for purpose cost and global asset base



Instilled an agile, resilient and growth minded culture, led by a strong management team

# Our 10-year journey

F20 financial performance relative to pre-demerger<sup>1</sup>



**Portfolio  
premiumisation** 

**> 70%**

**NSR premium  
and luxury wine**

*More than doubled*

**Profitability** 

**20%**

**EBITS margin**

*Up over 85%*

**Revenue  
Premiumisation** 

**\$81.9**

**NSR per case**

*Up over 50%*

**Return  
on capital** 

**10.6%**

**ROCE**

*More than tripled*

**Earnings** 

**\$533m**

**EBITS**

*Up over 160%*

**Shareholder  
returns<sup>2</sup>** 

**+289%**

**Total Shareholder  
Return**

*Versus ASX 200  
+49%*

**TWE expects F21 EBITs to be in the range of \$495m to \$515m**

<sup>1</sup> F10 performance per Foster's Group Limited Demerger Booklet

<sup>2</sup> 10 May 2011 to 30 April 2021

# The changing landscape

Changing market and consumer trends have created risks and opportunities for the wine category and for TWE



## Enduring COVID impacts

- E-commerce growth & digital engagement
- Localism (shopping, tourism)
- Working from home
- Increased home consumption
- Heightened social consciousness
- Decreased business travel
- Social distancing / sanitization

**COVID has accelerated a number of powerful trends that will change the way we engage with our consumers**

**Penfolds | Treasury Americas  
Treasury Premium Brands  
Technology**



## Global impacts

- Australia-China relationship
- Effective closure of Chinese market to Australian COO wine
- Brexit
- UK logistics challenges
- Political polarization
- Technological advancements

**Unavoidable events are forcing us to rapidly change our market mix – exposing previously under-recognised opportunities**

**Penfolds | Treasury Premium Brands  
Technology**



## Social, economic and consumer trends

- Increased expectations of corporations
- Sustainability
  - Product and packaging
  - Increased focus to set and meet targets
- Demographic shifts
  - Ageing / low pop. growth
  - Growing minority populations
- Technology
  - The power of social media
- Economic
  - Growing wealth inequality
- Health & Wellness
  - Low / no alc, vegan, organic
  - Mindfulness / mental health
- Environmental
  - Accelerating climate change
  - Extreme weather / water insecurity

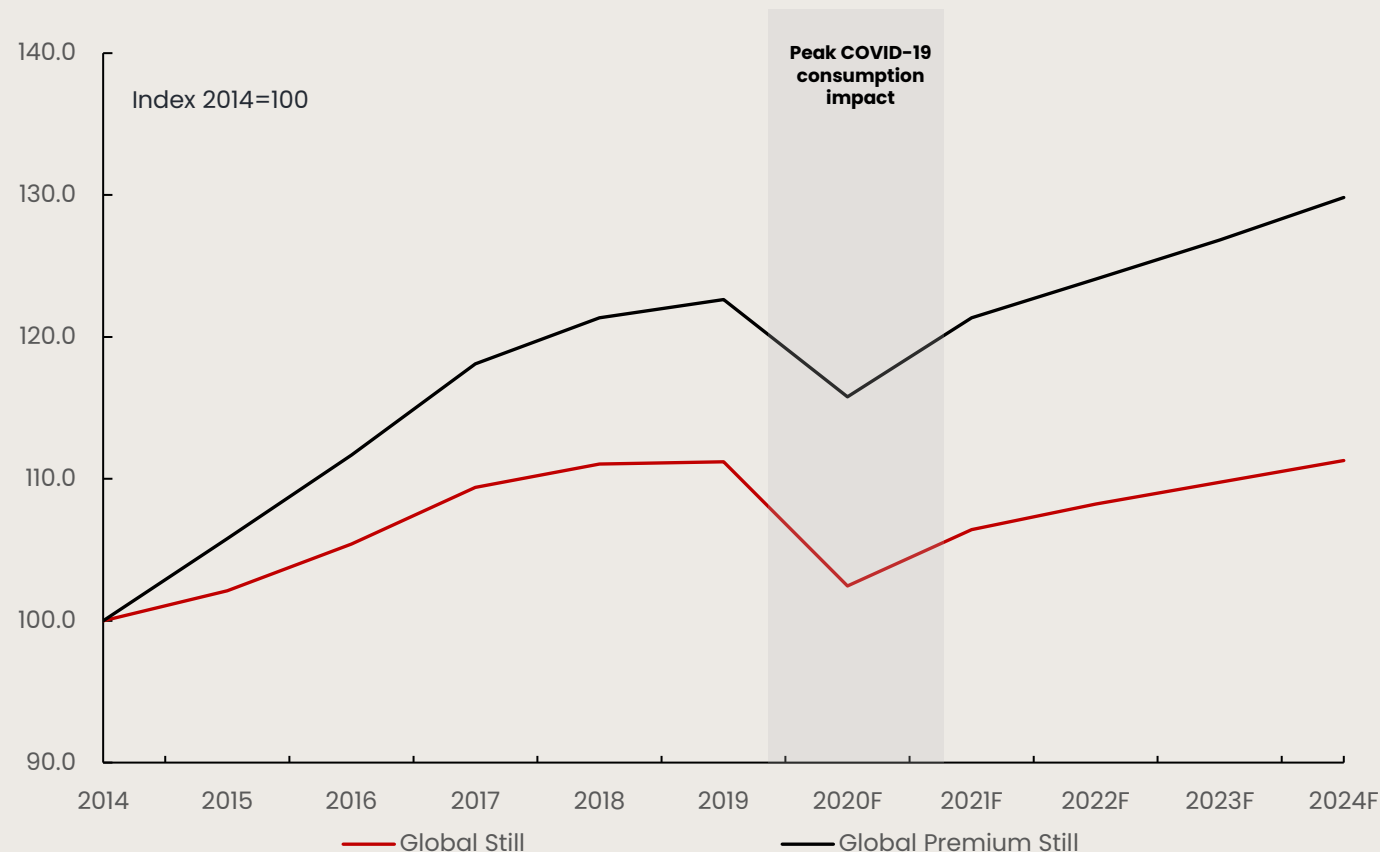
**Our portfolio strategy & innovation roadmap will leverage these emerging trends and opportunities**

**Sustainability**

# Global wine consumption

Category trends remain strong, led by premium wine consumption

## Global still wine consumption trends<sup>1</sup>



## Strong growth trends being led by premium price points

Consumers are trading up, driven by younger consumers who are spending more on wine and the continued emergence of the 'buy better' trend

Consumers are also prioritising trusted and unique brands as part of their purchase decision

The COVID-19 pandemic drove an overall decline in consumption:

- Impacts from social and travel restrictions on hospitality
- Partly offset by increased purchasing through retail channels

Strong recovery trends are forecast, with premium wine expected to outpace the overall category in key global markets

**Our premium wine portfolio is well placed to harness these strong consumer trends**



**TWE *Ambition*** To be the world's **most admired premium** wine company

**TWE *Way*** We **boldly lead change** in the world of wine

### TWE *Game* PLAN

Consumer  
focused premium  
brand portfolio

Multi-regional &  
multi-channel  
sales models

World class talent

Sustainable &  
multi-regional  
sourcing &  
winemaking

Deep, long-term  
partnerships &  
networks

### TWE *DNA*

We bring our whole self

We are courageous

We deliver together



# The Game Plan

## Consumer focused premium brand portfolio

- Consumer-led and experience focused marketing as our advantage
- Focused portfolio of brands with clear and differentiated roles
- Core objective to drive more consumption occasions
- Bold, consumer need driven innovation to build the future

## Multi-regional & multi-channel sales models

- Strengthened leadership positions
- US established as a premium wine growth business
- Targeted growth through markets Asia and Europe
- Category leadership with key retailers
- Acceleration in direct to consumer and e-commerce channels – ours and our retail partners

## World class talent

- The TWE DNA at the heart of everything we do
- Employee experience focused culture – a great place to work
- Broad diversity and inclusion agenda
- Continuous learning through the TWEforME Academy
- Technology to enable collaboration, connection and development

## Sustainable & multi-regional sourcing & winemaking

- Continued building and diversification of global sourcing model
- Consumer led winemaking at the best cost
- Sustainable supply chain with a focus on water surety, emissions, climate adaptation and packaging
- Fit for purpose asset base structured to deliver sustainable performance now and in the future

## Deep, long-term partnerships & networks

- Mutually beneficial partnerships – customers, growers, suppliers, communities, lenders, government and industry bodies
- Leverage third party expertise for non-core activities

# Our new operating model

Increased focus and accountability to unlock our long-term growth potential



# We remain focused on quality growth

Our goal: drive growth, profit, efficient capital usage and sustainable shareholder returns

## TWE growth objectives

**Deliver sustainable top-line growth and high-single digit average earnings growth over the long-term<sup>1</sup>**

**Premiumise  
our sales mix**




**Expand EBITs  
margin 25%+**

**Restore and grow  
our ROCE**

# We remain focused on quality growth

Each division will contribute differently towards delivery of the TWE growth objectives

## Drivers of TWE growth objectives

Key metrics		 Treasury Premium Brands	 Treasury Americas
Luxury & premium % <i>'Premiumise sales mix'</i>		Reshape portfolio, focused on growing luxury and premium offerings	Reduction in commercial portfolio will significantly transform sales mix
NSR <i>'Top-Line'</i>	Focus on new customers and growing global availability		Premium, luxury momentum and innovation
EBITS <i>'Bottom-Line'</i>	Maintain mix and average margin to ensure NSR growth translates into strong profit delivery	EBITS growth to be driven by improved mix and significant cost opportunities	Top-line growth complemented by COGS and cost optimisation
ROCE		Implement a fit for purpose cost and capital base	Optimise capital base through asset rebalancing



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# The premium wine consumer

Angus Lilley



# Reshaping TWE to be consumer experience driven



## Enablers



Insight-focused



Digital experiences



Focused portfolio



Disruptive mindset



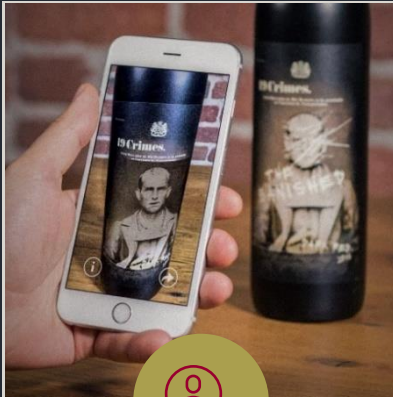
Talented team



# Globally validated five key consumer drivers of future wine growth

**Consumer  
opportunity**

**Category  
growth  
strategy**



## Discovery

“ Help me  
discover more ”

Unlocking new  
consumers, new wine  
occasions and  
emerging varietals



## Refreshing sociability

“ Help me share  
something  
refreshing ”

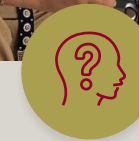
Bringing the sociability  
of wine to non-wine  
refreshment occasions



## Step up

“ Help me choose  
something special ”

Enhance consumers'  
desire to either look or  
feel statusful via  
elevated selections



## Conscious consumption

“ Help me make more  
conscious choices ”

Connect to consumers'  
values and purpose – to  
do better for you, better  
for the community or  
better for the planet



## Comfort of home

“ Help me reconnect  
at home ”

Celebrating consumers'  
“new normal” – with ways  
to socialise, relax and  
dine with wine at home

# Bold innovations to retain & recruit for the future

## 19 Crimes Snoop Cali Red #1 US WINE INNOVATION OF 2020<sup>1</sup>



## Penfolds Shangxia Luxury collaboration



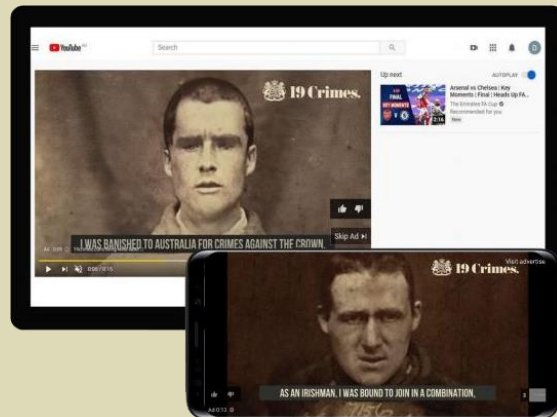
## Lindeman's Conscious Consumption Relaunch



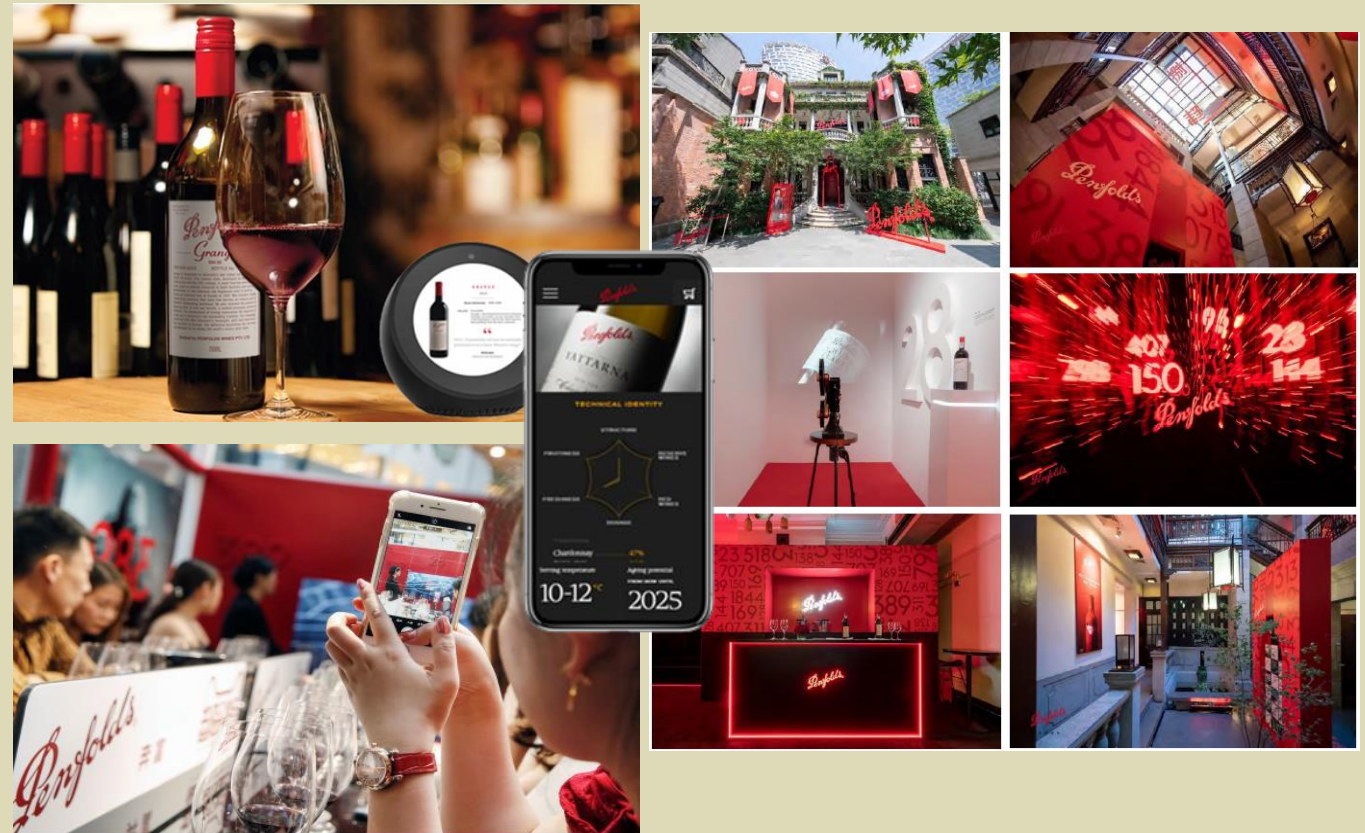


# Digital-first experiences to enrich consumer engagement

## Multi-brand digital media innovation



## Global digital innovation



# Building a long-term roadmap for luxury growth



# Largest investment in luxury wine intelligence

## Markets



Australia



UK



USA



China



## Context & Discovery Phase

**6,500**

survey interviews with consumers who have bought premium wine (+\$20) in the past twelve months

**100x**

in-depth interviews with luxury consumers

**6x**

interviews with luxury opinion experts from around the globe



Uncover **codes and cultural trends** in Luxury beyond alcohol



Better understand Luxury consumers' **needs and choices**



**Who is the luxury wine buyer** of today and tomorrow and their behaviours?



**What are the luxury wine occasions** and the strength of needs/desires and current solutions?



**How can we recruit and trade up** to drive a price premium?



1



Fine wine is a product but luxury wine is an elevated **experience**

2



Time, quality and experience remain true to luxury, but **cultural overlays** are changing the way brands go to market

3



The Chinese luxury consumer has very **different expectations** of luxury brands

4



There is an increasing expectation that **luxury should do good, be good and be good for you**



5



**Recruitment starts early.** Gifting, on-premise, family & friends are key recruiters

6



There is a significant opportunity to unlock more occasions for **younger consumers and female consumers**

7



Luxury starts at **\$50/£50/1000RMB** in the minds of the consumer

8



The **more you know the more you spend**

# We have identified 8 clear opportunities to grow luxury





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# Building our future

**Stuart Boxer**  
**Tom King**  
**Peter Neilson**  
**Ben Dollard**  
**Kerrin Petty**



# We have re-imagined our growth model

TWE *Ambition* to be the world's **most admired premium** wine company



## What has driven our success to date?

Transition to a premium focused brand and consumer-led business

Diversification of our global business

Building of advantaged distribution platforms

Accelerated investment in premiumisation

Establishment of an efficient, agile and fit for purpose cost and global asset base

Instilling of an agile, resilient and growth minded culture



## What were the limitations?

Untapped growth opportunities for our portfolio outside of Penfolds

Global and regional matrix structures creating blurred accountabilities

Tendency for broad 'all things to all consumers and all customers' strategies

Some benefits of scale not being unlocked or realized



## What do we need for the next stage?

**Elevated and separate focus** on brands and consumers

**Enhanced autonomy and accountability** to drive superior business performance

Increased leverage of our **global scale**

Take advantage of opportunities in **global wine markets**



# Divisional operating model

**Brand & consumer-led divisional model to drive increased focus and accountability, unlocking our long-term growth potential**

- 1** Brand & consumer-led focus, tailored to each divisions unique strategic, geographic and consumer characteristics
- 2** Commercial decisions are made closer to the end consumer
- 3** Increased accountability for operational and financial performance
- 4** Supply to act as an efficient service provider to the divisions
- 5** Streamlined structure eliminates duplication and ambiguity in decision making
- 6** Continue leveraging our global scale to keep costs low and ensure efficient access to capital



# Central functions

**Treasury Business Solutions and corporate to leverage our global scale and support divisional priorities**

## Treasury Business Solutions

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**A trusted solutions provider, leveraging scale to drive growth, efficiency and innovation**

Relentless focus on continuous improvement and automation

Deliver solutions that sustainably drive efficiency and improved business outcomes

Cultivate long-term partnerships within TWE and leverage third party expertise for non-core business activity



**Financial services**



**People services**



**Customer services**



**Supplier services**

## Corporate

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**Streamlined corporate centre**

Responsible for:

- Culture
- Sustainability and diversity
- Performance management
- Group strategy and planning
- Global growth opportunities
- Governance
- Capital management
- Stakeholder management



# Integrated business strategy



**The world's most admired premium wine company**

## **Penfolds**

*A global luxury icon*

- Scale luxury status to drive global demand
- Grow distribution and availability
- Optimise portfolio for long-term growth

**SUPPLY**

## **Treasury Premium Brands**

*The world's most inventive branded wine business, bringing the pleasure of premium wine to more people on more occasions*

- Strategic expansion of focus brand portfolio
- Grow new markets and channels
- Implement fit for purpose cost and capital base

**TREASURY BUSINESS SOLUTIONS**

## **Treasury Americas**

*The premium wine market leader in the Americas*

- Accelerate performance of focus brand portfolio
- Drive consumer led innovation and portfolio expansion
- Asset, portfolio and cost optimisation

**CORPORATE**

**Service provision aligned to division needs & strategic objectives**



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# Penfolds

Tom King





# Penfolds **Vision**

A global luxury icon

*Penfolds*

MEET EXTRAORDINARY





# Penfolds snapshot

Worlds most  
**admired**  
wine brand<sup>1</sup>



Penfolds Grange  
**24x** perfect  
score recipient



Sold in over  
**60**  
markets



**A\$50+**  
Portfolio  
centre of gravity



Unparalleled  
**global luxury  
asset base**

**3** wineries  
**30**  
vineyards<sup>2</sup>



<sup>1</sup> Drinks International annual poll (2016, 2019)

<sup>2</sup> Owned and leased vineyards





# What does it mean to be a global luxury icon?



A leader in wine but loved by consumers for being more than a wine brand



Mentioned in the same breath as other iconic luxury houses



Known and loved by consumers around the world



Maintained relevance with consumers and luxury experiences that draw them back

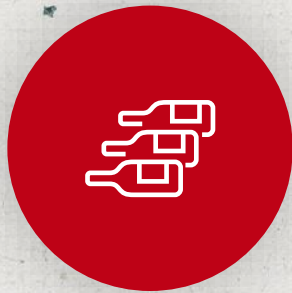
**Inspire consumers to talk about, gift, recommend, collect, cellar and drink Penfolds**



# Like no other wine brand in the world



Rich and authentic history with exceptional luxury credentials



Highly acclaimed portfolio reflecting unique and renowned winemaking style



Multi-tier brand portfolio delivering breadth of luxury experiences



Global distribution footprint centred around high-growth markets



Growing, global multi-regional sourcing model and unparalleled luxury asset base



# Strategic growth drivers



Scale Penfolds luxury status to drive global demand and recruit new consumers



Grow global distribution and availability



Optimise portfolio for long-term growth





# Penfolds global consumer

Appealing to a diverse range of  
experience seeking luxury consumers



## New Luxurians

Emerging category knowledge  
Like to follow cultural trends  
and explore new experiences



## Connoisseurs

High category knowledge  
Passionate about wine and  
experiences





# Scale luxury status to drive global demand



Accelerate engagement with the new age of luxury consumer



Deliver elevated luxury experiences that go beyond the product



Be culture led and disruptive to recruit new consumers



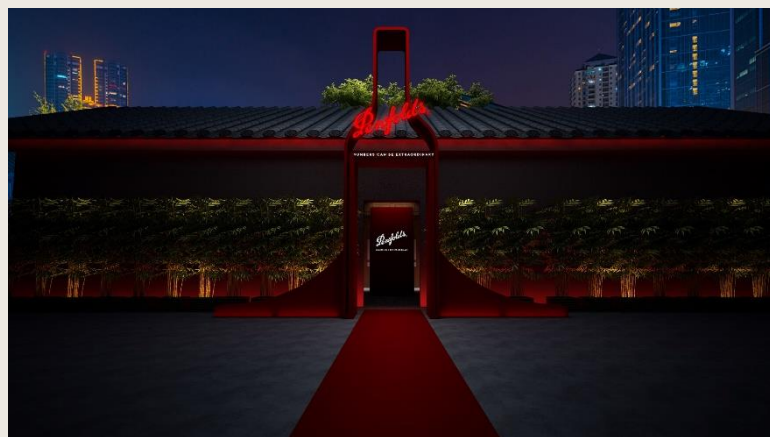
Collaborate with brand advocates and opinion leaders





# Penfolds House Chengdu

April 2021







## Collaborating with brand advocates and opinion leaders





# Grow distribution and availability

Build distribution and availability across consumer facing channels **globally**



Scale DTC and e-commerce



Become the on-premise wine of choice in priority global cities



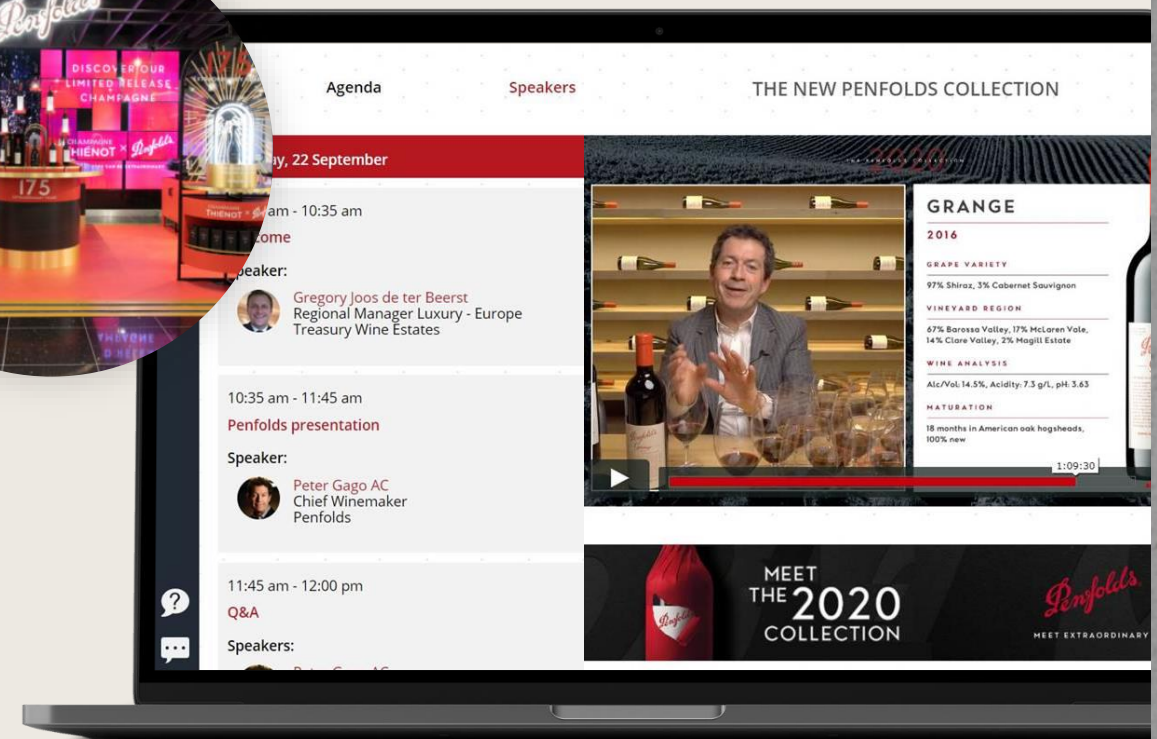
Increase our presence as the ultimate luxury showcase in global travel retail



Harness direct to collector opportunities



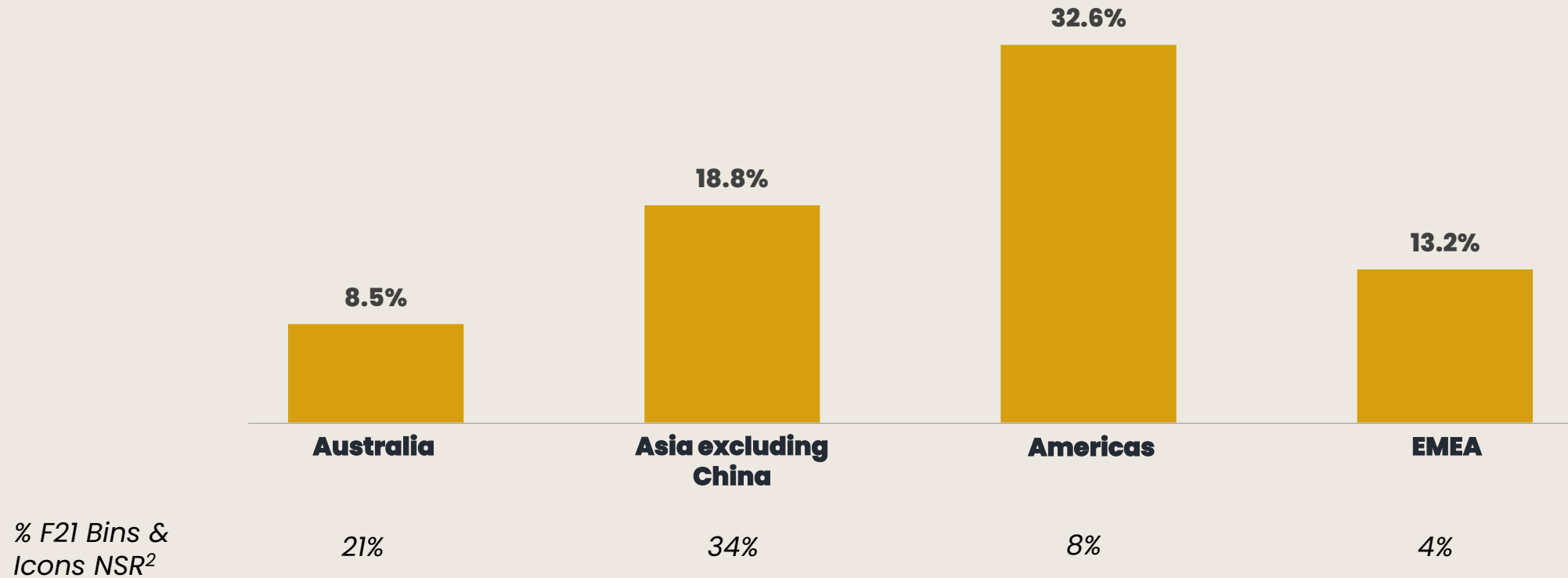
Grow in luxury focused independent retail





# Penfold's global growth

Penfold's Bins & Icons – four year NSR CAGR<sup>1</sup> by market





# Grow distribution and availability

Key channel and market opportunities

## Asia (ex China)

### Key Initiatives for Growth



Distribution amplification through RTM optimisation, e-commerce expansion and fine wine retail



Emerging markets – visibility, awareness, promotion, education & investment



Mature markets – accelerate focus on luxury connoisseurs



Accelerate in direct to consumer, on-premise and travel retail



*Established and growing luxury wine market*

**Luxury wine market size<sup>1</sup>:** \$5.6bn, 5-year CAGR +5%

**Penfolds brand awareness:** 10-50%





# Grow distribution and availability

Key channel and market opportunities

## Australia

### Key Initiatives for Growth



Availability in Independent retail via investment



Amplify convenience proposition



Increase brand awareness of entry level tiers for new consumers



Accelerate in direct to consumer, on-premise and travel retail



*Established and growing luxury wine market*

**Luxury wine market value<sup>1</sup>:** \$1.2bn, 5-year CAGR +6%

**Penfolds brand awareness:** 75%





# Grow distribution and availability

Key channel and market opportunities

## United States

### Key Initiatives for Growth



Penfolds to partner with Treasury Americas in the US



Amplification of both California & Australian collections



Investment to build brand awareness outside of collectors and the trade



Accelerate in direct to consumer, on-premise and travel retail



*Established and growing luxury wine market*

**Luxury wine market value<sup>1</sup>:** \$6.6bn, 5-year CAGR +7%

**Penfolds brand awareness:** 10%



# Grow distribution and availability

Key channel and market opportunities

## EMEA

### Key Initiatives for Growth



Amplify distribution and multi-channel availability, led by retail and e-commerce



Invest to increase brand awareness and heightened consumer experiences



Accelerate in direct to consumer, on-premise and travel retail



*Established and growing luxury wine market*

**Luxury wine market value<sup>1</sup>:** \$17.7bn, 5-year CAGR +2%

**Penfolds brand awareness:** 30% (UK)



# Portfolio hierarchy

Differentiated luxury experiences  
across portfolio price points



\$950+

Luxury

Limited editions

Icons



SPECIAL  
BOTTLEINGS

Bins

\$30

Premium

MAX'S

KOONUNGA HILL

\$10

Commercial





# Optimising the portfolio for long-term growth

Prioritise growth of Bins & Icons ranges and maintain pricing and margin structure

Recruit new Penfolds consumers with Koonunga Hill and Max's

Californian and French collections to increase accessibility, diversify sourcing and unlock new revenue streams







# Expanding the portfolio with new COOs

Multi regionally sourced, made to the Penfolds style and quality standard

## US COO

Released March 2021

### Icons



Quantum Bin 98

### Luxury



Bin 600



Bin 704



Bin 149

## French COO

2023 release

### Icons

### Luxury



Icon and luxury wines  
from the finest regions  
in France



# Californian collection

Outstanding market response following inaugural collection release



## 2018 Quantum Bin 98

Cabernet Sauvignon  
RRP US\$700

**100pts**

*Somm Journal*



## 2018 Bin 149

Cabernet Sauvignon  
RRP US\$149

**98pts**

*Andrew Caillard*



## 2018 Bin 704

Cabernet Sauvignon  
RRP US\$70

**96pts**

*Wine Enthusiast*



## 2018 Bin 600

Cabernet Shiraz  
RRP US\$50

**93pts**

*James Suckling*

# Key Financials

## Historical performance<sup>1</sup>

	F18	F19	F20
Volume (m9LE)	2.1	2.8	2.5
NSR (A\$m)	544.3	816.0	765.2
NSR/Case (A\$)	255.3	287.3	312.2
EBITS (A\$m)	225.2	363.3	357.3
EBITS margin (%)	41%	45%	47%
Luxury and premium (% NSR)	100%	100%	100%

Historical growth driven by increasing product availability and portfolio mix improvement

In F20 COVID-19 impacts on luxury wine consumption (closed channels and disrupted consumption occasions) resulted in lower volumes and elevated mix

## Future financial priorities

### Grow NSR



Focus on recruiting new consumers and growing global availability

### Grow EBITs



Maintenance of product margin to ensure NSR growth translates into strong profit delivery

### Maintain leading margin



40-45% EBITs margin, including investment to grow distribution



# In summary

Penfolds is **like no other wine brand** in the world

We will leverage **our outstanding luxury credentials** to expand our global consumer base

We are very confident of the **growth opportunity** for Penfolds in global luxury markets







TREASURY  
WINE ESTATES

# Treasury Americas

Ben Dollard







# Treasury Americas Vision

The premium wine market  
leader in the Americas





# Treasury Americas snapshot

A key player in the world's  
largest premium wine market

**#2** in  
luxury wine<sup>1</sup>



**90%**  
Luxury and  
premium NSR<sup>2</sup>



**10** Focus  
Brands



**Leading**  
Napa Valley  
asset base



**8** wineries



**A\$800m**  
revenue



**45**  
vineyards<sup>3</sup>

<sup>1</sup> IRI Total US, MULO and convenience, 52 weeks ending 21 March 2021

<sup>2</sup> 1H21 pro-forma excluding divested commercial brands

<sup>3</sup> Owned and leased vineyards



# Treasury Americas **has the key ingredients for growth**



Focus brand portfolio of trusted premium brands with strong momentum



Collaborative and highly engaged distributor and retailer relationships



Leadership team who know how



Bold consumer-driven innovation capability



Leading Napa valley asset base, including world class cellar doors





## Lifestyle

- Provide an entry point to wine
- Opportunity to win more occasions
- Partnerships to access new consumers
- Conscious consumption

# Treasury Americas Consumer

**Experience  
driven at  
all touch  
points**



## Luxury

- Entering category in late 20's
- Opportunity with Female Luxurian
- The luxury category is evolving
- Gifting and reward are key purchase triggers



# Market & channel landscape

The landscape is shifting...

...TWE Americas is winning today and well positioned to accelerate in growing channels



US is the **2<sup>nd</sup> fastest growing** Premium wine market in the world<sup>1</sup>

*Premiumised portfolio and admired brands*



Retail is currently **77%** of the market<sup>2</sup>

Premium price points growing at **20%**<sup>3</sup>

*Cali Red and Rose have shown excellent growth  
St. Huberts' The Stag and Beringer Brothers gaining distribution  
Matua outpacing the category  
Stags' Leap and Beaulieu Vineyard delivering double digit growth*



3-Tier e-commerce is estimated to grow **5x by 2024**<sup>4</sup>  
Millennials and Gen Z buying more wine at higher prices

*Newly invested in e-commerce capabilities  
Best in class planning and partner collaboration  
Undertaking detailed omnichannel consumer research study*



DTC is estimated to **double by 2024**<sup>4</sup>

*Strong, loyal and profitable wine clubs  
Acclaimed and beloved wines and cellar doors  
Newly invested e-commerce platform*



On-premise is poised for a comeback and is estimated to return to **18% of the market by 2024**<sup>4</sup>

*Luxury sales team creating relationships, driving velocity  
Consumer and insights led strategy to win as on-premise comes back in the US  
Stags' Leap leading on-premise luxury brand*

<sup>1</sup> IWSR 2020. Still, sparkling and fortified wines, value growth, countries with sales greater than \$1bn

<sup>2</sup> IWSR 2020. Still, sparkling and fortified wines, volume

<sup>3</sup> IRI Total US, MUO and convenience, 52 weeks ending 21 March 2021, US\$10+

<sup>4</sup> IWSR e-commerce strategic study 2020, USA



# Priority portfolio hierarchy

Premium portfolio with growing luxury distribution and velocity

Luxury

\$30

Premium

\$10

Commercial

Beaulieu Vineyard  
SINCE BV 1900

BB  
BERINGER  
ESTD 1876

Stags Leap

Etude

Penfold's

STERLING  
VINEYARDS

MATUA

19 Crimes

SINCE 1876  
BERINGER  
BROS.  
BOURBON BARREL AGED WINES

ST HUBERTS THE STAG



# Portfolio momentum<sup>1</sup>

#1 new wine innovation of 2020



Fast growing NZ Sauv Blanc +30%



#1 Spirit barrel age wine in \$15-20 segment



Top 20 Ultra Premium Cab Sauv



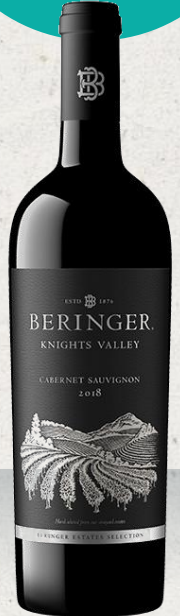
+25% increase in Luxury sales



Top 5 super Luxury brand



Over 20 90+ scores across 25 vintages





# Strategic growth drivers



Drive relentless focus throughout the business



Portfolio expansion through bold innovation, leading luxury credentials and accelerating in e-commerce



Asset, portfolio and cost optimisation







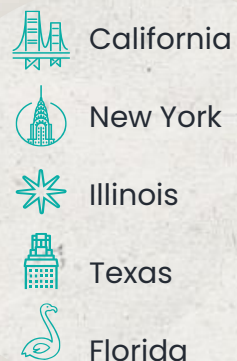
# Our business is all about focus

Relentless focus on consumer trends, preferences, need states, path to purchase and experiences

## Priority Brands



## Priority Markets



## Priority Customers



## Wholesale Network



## Growth Priorities

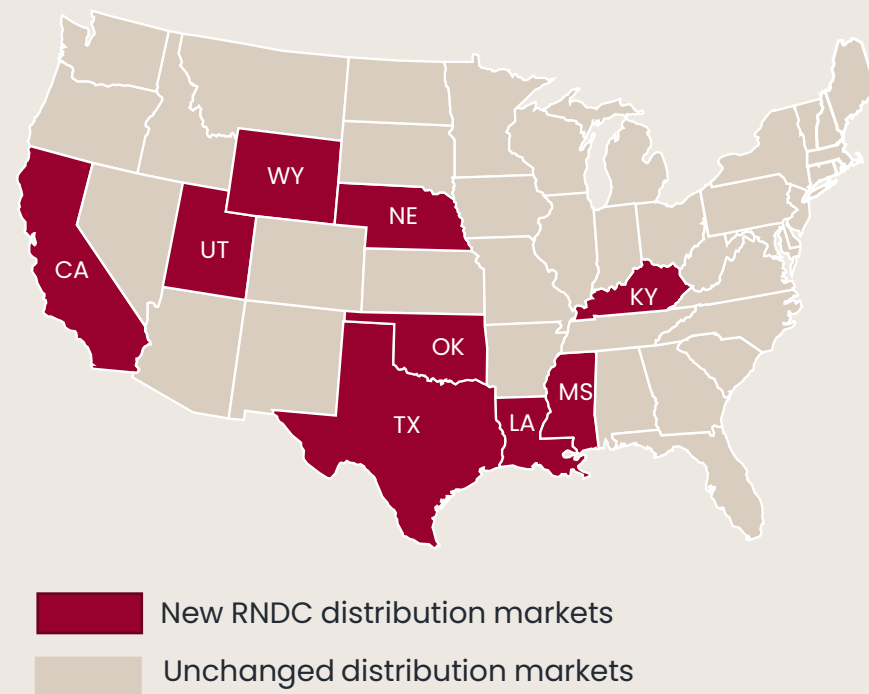




# Distribution model update

- We recently completed a detailed review of our US distribution model, which focused on:
  - Our future state premium US wine business following the recent commercial portfolio divestiture
  - Improving our independent retail performance in California
  - Changes to the competitive landscape in the US wine market
- Long-term agreement reached with Republic National Distributing Company (RNDC) to distribute our portfolio of luxury and premium wines throughout several states including California and Texas
- Commencing as early as July 2021
- This partnership will drive continued growth across our premium and luxury portfolio, supported by RNDC's:
  - Best in class relationships with national and regional accounts
  - Exceptional fine wine and e-commerce capabilities
- The remainder of our distribution network continues to perform well, and no further changes are planned

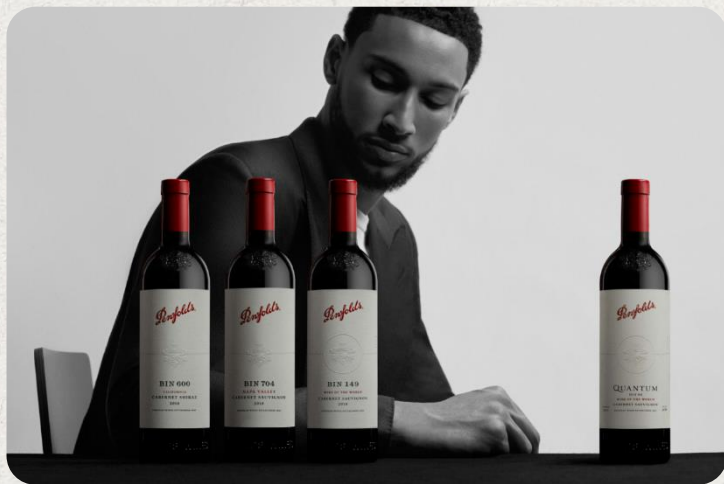
US distribution map







# Delivering **bold innovation**



## Penfolds California collection

Launched March 2021



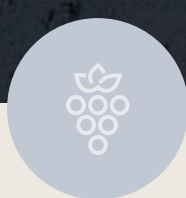
## 19 Crimes Cali Rose

Launched April 2021



## Matua Lighter range

Shipping June 2021



# 19 Crimes

## Cali Rose







# Leading with **our luxury credentials**

Create industry leading luxury activation, story-telling, education and experiences



**Scalable DTC**  
platforms

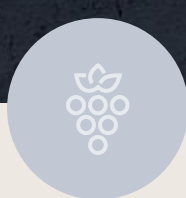


**Dedicated luxury**  
sales model



**Best in class Wineries**  
and Vineyards





## Our luxury portfolio





# Driving acceleration in e-commerce

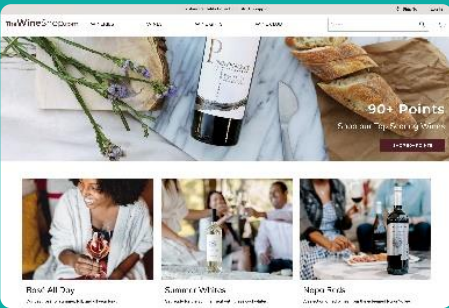
Easy to Find. Easy to Buy. Easy to Enjoy.

## Branded E-Comm/ DTC

Measurable channel where we are outpacing market

New platform with upside for optimization

Innovation opportunities



## Digital Marketing

Digital marketing driving awareness and conversion

Cuts across DTC, 3-tier e-commerce, and Brand Marketing

Retailer sites becoming pay-to-play advertising portals

## B2B / 3- Tier E-Comm

Dedicated resources

Improved customer integration

Enhanced promotional activity







# Asset, portfolio and cost optimisation



Complete restructuring initiatives across brand portfolio and asset base



Pursue opportunities to fill key portfolio gaps, organically or through M&A

## Financial priorities

1

### Adjust operating model and organisation structure

#### Completed

\$35m+ benefit being delivered from F21 onwards

2

### Divestiture of non-priority brands and assets

#### In progress

- Several commercial tier brands divested in March 2021
- Exploring additional brand, operating asset and lease rationalisation opportunities

3

### Restructuring of supply chain to reduce COGS

#### In progress

- Right size the asset base
- Reduce US supply chain dis-synergies following commercial portfolio exit

**Future state business with broadly half the volume, similar earnings<sup>1</sup> and progress towards 25% EBITs margin ambition**

# Financials

## Historical performance<sup>1</sup>

	F18	F19	F20	F20PF <sup>2</sup>
Volume (m9LE)	13.5	13.9	12.3	7.6
NSR (A\$m)	935.4	1,084.4	1,014.6	810.8
NSR/Case (A\$)	69.1	78.2	82.6	106.8
EBITS (A\$m)	188.1	202.5	120.2	130.2
EBITS margin (%)	20%	19%	12%	16%
Luxury and premium (%NSR)	62%	66%	69%	86%

Portfolio premiumisation was the driver of top-line and EBITs growth through F18 and F19.

In F20, performance was impacted by challenging conditions in the US wine market, due to increased levels of supply, and the impact of COVID-19 disruptions on key luxury wine sales channels including cellar doors, travel retail and on-premise.

<sup>1</sup> Historical financials remain subject to audit review

<sup>2</sup> Proforma financials adjusted for commercial portfolio brands divested March 2021 and organisational structure changes. Does not include any future benefit from supply chain optimisation initiatives or synergies.

## Future financial priorities

### Premiumise sales mix

Reduction in commercial portfolio will significantly transform sales mix



### Grow NSR

Premium and luxury momentum and innovation



### Grow EBITs

Topline growth plus cost and COGS optimization



### Expand margin

25% EBITs margin ambition





# In summary

Treasury Americas is a **fundamentally changed business** that is well placed for sustainable long-term success

Our business **is all about focus:** brands, markets, customers and growth priorities

We have an outstanding premium portfolio that is **growing ahead of the market** and is led by innovation

