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WINE ESTATES

18 October 2022 **ASX ANNOUNCEMENT**

TWE 2022 AGM Addresses and Q1 Trading Update

Treasury Wine Estates Limited (ASX:TWE) will today address shareholders at its Annual General Meeting to be held 10:00am (AEDT) on Tuesday, 18 October 2022 in the Mayfair Ballroom at the Grand Hyatt Melbourne, 123 Collins Street, Melbourne, Victoria 3000, and online via the Computershare Meeting Platform at https://meetnow.global/MC4YMPH.

Attached is a copy of the address to be delivered by the Chairman, Paul Rayner and the address to be delivered by the Chief Executive Officer, Tim Ford, along with the accompanying presentation materials.

The attached materials provide shareholders with information regarding F23 first quarter trading.

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

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

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F22 Financial Highlights[1,2,3]

Margin accretive earnings growth delivered through premiumisation and distribution gains

NSR
$2.5bn ▼ (3.6)%

NSR per case
$97.3 ▲ 16.1%

EBITS
$523.7m ▲ 2.6%

EBITS margin
21.1% ▲ 1.3 ppts

NPAT
$322.6m ▲ 4.2%

EPS
44.7cps ▲ 4.1%

Cash conversion
104.3% ▲ 3.5ppts

Net Debt / EBITDAS[4]
1.8x ▲ 0.2x

ROCE[5]
10.9% ▲ 0.1 ppt

Full year dividend
31.0cps ▲ 10.7%

Luxury and Premium contribution to global NSR
83% ▲ 6ppts

1. Financial information in this report is based on audited financial statements. 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 in this presentation are subject to rounding
3. Unless otherwise stated, Financial Highlights are disclosed on a reported currency basis, before Material Items & SGARA
4. Includes last twelve months EBITDAS of Frank Family Vineyards
5. Excluding impacts from divested and acquired portfolio brands in Treasury Americas

Penfolds

NSR	**$717.3m**	▼	(9.1)%
EBITS	**$319.3m**	▼	(7.8)%
EBITS margin	**44.5%**	▲	0.6ppts

Outside of Mainland China NSR grew 45.1% and EBITS grew 25.1%[1]

Strong progress **growing distribution and availability**

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

Increased investment in Penfolds **multi-country of origin strategy**

[1] *On a constant currency basis*

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NSR	**$963.4m**	▲	2.5%
EBITS	**$185.6m**	▲	20.5%
EBITS margin	**19.3%**	▲	2.9ppts

Treasury Americas is a re-shaped **premium and luxury focused business**

Frank Family Vineyards an outstanding addition to the brand portfolio

Strong performance delivered by priority brand portfolio

TREASURY PREMIUM BRANDS

NSR	**$796.0m**	▼	(5.3)%
EBITS	**$79.6m**	▲	27.0%
EBITS margin	**10.0%**	▲	2.5ppts

Solid **progress towards financial priorities**

Strong growth across key Premium and Luxury brands underpinned by **distribution gains in Asia and Europe**

Great confidence in the **global business opportunities** for TPB

TWE

F23 Group priorities

Our priorities remain consistent and clearly focused on progression towards our TWE 2025 strategy

TWE 2025

The world's most admired premium wine company

Divisional priorities

Penfolds

- Attract new consumers
- Grow global distribution and availability
- Optimise portfolio for long-term growth, including multi-COO

Treasury Americas

- Expand Premium portfolio
- Maintain strong execution and momentum across the priority portfolio
- Continue to drive category leading innovation

Treasury Premium Brands

- Expand Premium portfolio
- Accelerate in priority growth markets, channels and COO's
- Implement fit for purpose cost and capital base

Group wide priorities

- Elevate our culture and talent
- Invest in technology as a growth platform
- Pursue global innovation and inorganic opportunities
- Embed sustainability throughout TWE

Summary and Outlook

- Trading conditions and Group EBITS in 1Q23 were in line with our expectations, with demand for Premium and Luxury wine remaining consistent throughout the quarter
- Inflation and cost outlook unchanged, with mix adjusted COGS per case expected to remain in line with F22 and improvement expected from F24 onwards
- Northern Hemisphere vintages are progressing in line with our expectations
- We remain on track to deliver strong growth and EBITS margin expansion towards the 25%+ Group target in F23
- Our financial objective remains to deliver sustainable top-line growth and high single-digit average earnings growth over the long-term[1]

1. Organic, pre material items and on a constant currency basis.

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2022 Annual General Meeting

Chairman's Address – Paul Rayner

Last year we acknowledged that change would continue to be ever present, and that indeed has been the case since we last addressed you in this forum.

Throughout the year we managed the effective closure of the Mainland China market to Australian wine products as well as navigated several macro-economic challenges including the global pandemic, significant supply chain disruptions and inflationary cost pressures.

Against this backdrop of macroeconomic shifts, TWE made strong progress, however, and perhaps more importantly, we have emerged a stronger, more sustainable business. We have continued to adapt and evolve, innovating across our business, our product portfolio and how we connect with our customers and consumers. We have expanded our multi-country of origin portfolio and driven disciplined investment across a range of markets to support growth.

Underpinning this progress has been the seamless transition to our new operating model which has brought even greater focus and accountability to how we execute our strategy, as well as demonstrating the strengths of our diversified global business and the outstanding capabilities of our teams.

Our brand portfolio divisions (Penfolds, Treasury Americas and Treasury Premium Brands), have accelerated our focus on premiumisation and responding to trends in a way that meets the needs and preferences of our existing consumers as well as introducing new consumers to our wines.

We continue to be guided by our TWE strategic blueprint, which keeps the consumer at the centre of our decision making. After launching our cultural code, our TWE DNA, last year, it's become embedded in every decision made across the organisation. Its principles of courage, delivering together and bringing our whole self to work are at the core of how we do business.

Tim will update you on progress against our strategic agenda but first I'd like to mention some of the key achievements of fiscal 2022.

- We continued to invest in growing key markets, a move that was accelerated by the changes to the Chinese market last year. Our multi-country of origin sourcing strategy was one element of diversification. We have seen particularly pleasing growth in selected Asian markets outside China, as well as parts of Europe and the US.
- To enhance capacity in our French portfolio, we announced the majority acquisition of Chateau Lanessan in Bordeaux in August 2022. We expect the transaction to complete this month and look forward to the continuing involvement of the Bouteiller family, which has overseen the historic property for several generations.
- Following the re-calibration of the Americas business, Treasury Americas is now a focused portfolio of fast growing premium and luxury wine brands. With the acquisition of Frank Family Vineyards, we are now very well placed to succeed in the world's largest premium and luxury wine market.
- Our innovations in further developing our no and low alcohol wines were recognised with a range of prestigious Australian and international awards for the Wolf Blass zero range, and strong performance through new distribution arrangements including major and independent supermarkets across Australia. In the US, the Matua Lighter range has also been well received by consumers.
- Complementing strong performance in our historic brands such as Penfolds, Wolf Blass, Pepperjack and Wynns, was growth in newer brands such as 19 Crimes and Squealing Pig. Reflecting a focus on consumer-led innovation through popular celebrity endorsements with engaging digital elements, 19 Crimes was recognised as the number 1 US market wine innovation for Martha's Chard this calendar year.

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There's no doubt that the effective closure of the Chinese wine market to Australian wine was a significant event for TWE, and the Australian wine industry more broadly.

However, our long-term commitment to the Chinese market remains steadfast, and we continue to invest in our team, our brands and our local relationships with customers and consumers as evidenced by the launch last month of the first Penfolds wine made in China for the China market.

We have long held the view that, regardless of which market you operate in, businesses and brands are judged on how they act and behave, as well as the quality of their products.

We have been mindful of the importance of building trust as the cornerstone of building relationships and brands, both of which are critical to our long-term success.

It has been this approach that has enabled us to produce our first Penfolds wine made in China and enter into a strategic co-operation agreement with the China Alcoholic Drinks Association, the primary industry body, to collaborate on further building China's growing wine industry.

In addition to Penfolds, our Treasury Premium Brands division has also adapted, now sourcing South African and Chilean country of origin wine for Rawsons Retreat, ensuring this popular brand continues to be a foundation for growth in China.

We are optimistic about the opportunity for our business in China, and hope for a strengthening of the long and enduring economic and cultural ties between Australia and China.

One year into our evolved sustainability strategy we have continued our path towards sustainability leadership, with a bold ambition to extend our influence beyond the wine industry, and position ourselves as a leader in the global beverages sector.

We moved closer towards our ambition of cultivating a brighter future, progressing against all of our targets and commitments through a range of initiatives targeting climate change, renewable electricity, water stewardship, and the social aspects of our sustainability agenda.

We embedded sustainability into our financial framework by refinancing $1.4 billion of existing debt into a Sustainability Linked Loan, which recognises performance against a range of milestones with a discount on the loan rate and penalties for missing those milestones.

Establishing the Sustainability Linked Loan has been a key step in integrating our sustainability agenda across our business and was an important milestone for both our sustainability and market capital journeys, incentivising us to move even more quickly towards achieving our sustainability ambition and targets.

For example, in the critical area of climate change and energy, we completed our strategic roadmap and defined the initiatives and plans to accelerate progress towards our target for 100% renewable electricity by 2024. We are investing in this transition and have committed $20 million towards installing solar panels and meter technology. The first panels of the largest solar installation of any winery in Australia are currently being installed at our Barossa site – a tangible example of the visible steps we're taking towards our sustainability ambition.

Another notable highlight is the completion of a comprehensive review of water management across our global viticulture and winery operations which has identified clear medium and long-term recommendations relating to our water security and management.

We know that the expectations of our consumers, customers, and partners around the world continue to change, with our reputation as a global corporate citizen influenced by every decision we make.

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With this in mind, we were pleased to launch our new Alcohol and Health Policy together with this year's Sustainability Report. It outlines our position on consumer health and responsible drinking, with the policy articulating our support of the World Health Organisation's goal to reduce harmful use of alcohol by 20% by 2030. A first step is our commitment to include general health warnings on all our labels by 2025.

While we're proud of all we have achieved since we launched our enhanced sustainability strategy, we realise there is a long way to go. We look forward to collaborating further with industry, governments, customers, partners, and a range of stakeholders in the communities where we do business, to address the challenges and opportunities ahead.

I invite you to review the detail of our progress against our goals of building a resilient business, fostering healthy and inclusive communities, and producing sustainable wine, in our 2022 Sustainability Report, which was released at the start of October.

The significant progress we've made through the year is thanks to our people and the strong organisational culture that's been built collaboratively. Our TWE DNA has been embedded across the business. This is evidenced by our improved employee engagement score of 70% in our latest engagement survey. The higher participation rate, which rose 26% from the prior year, also shows that the capability development for leaders and their teams has resonated deeply.

Before I close, I want to take a moment to acknowledge the enduring contribution of Warwick Every-Burns who retires from the Board today.

As many of you will know, Warwick has been a Non-Executive Director since the Company was demerged from Fosters in 2011 and has been an excellent director, having spent more than 10 years as Chair of the Human Resources Committee, and as Chief Executive Officer on an interim basis from September 2013 to March 2014.

I would like to thank Warwick for his outstanding contribution to the Board and to Treasury Wine Estates, and we wish him all the best for the future.

As we reflect on another year of evolution in the economic and geopolitical environment, there are many reasons to look ahead with optimism. TWE remains clearly focused on its strategic agenda, which stands us in good stead to continue adapting to the challenges that will no doubt feature in the year ahead. We are well placed to innovate and grow as we progress our ambition of becoming the world's most admired premium wine company.

Before I close, I would like to remind shareholders that today, you will be asked to consider and vote in favour of a number of items of business. On this, and all matters, I ask for shareholder support.

In closing, on behalf of the Board, I would like to again thank our people at TWE, led by Tim Ford and the executive, for the results delivered in an operating environment characterised by change. We're very proud of all that the team has achieved, and the resilience and adaptability they have demonstrated.

Finally, I would like to extend my thanks to you, our shareholders for your continued belief in, investment in, and support of TWE.

I'll now invite Tim to speak about business performance for fiscal 2022.

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2022 Annual General Meeting

Chief Executive Officer's Address – Tim Ford

Thank you Paul, and good morning everyone. It's a pleasure to join you in person this year to discuss our fiscal 22 operating and financial performance.

I am extremely pleased to report such a strong set of financial results to our shareholders. This was the first year we transitioned to our new brand-led operating model and the results demonstrated what we already knew internally, that this was the right move for our Company, with all divisions delivering underlying earnings growth, margin expansion and progress towards their strategic ambitions.

As a group, we delivered a return to headline earnings growth despite facing some significant challenges in our operating environment. This performance reflects the strength of our diversified global business and brand portfolio, the flexibility of our operating model and the outstanding execution capability of our teams, and supports the confidence we have in our future outlook.

Turning to the Financial Highlights…

Premiumisation continued to be a key driver of our momentum, with 83% of our global revenue generated from the Premium and Luxury price points, or wine above $10, as consumers across our key markets continued the strong trend towards buying less, but better. As a result, revenue per case grew 16%, with strong improvement in Treasury Americas and Treasury Premium Brands a highlight.

Net sales revenue declined 4% to $2.5 billion, reflecting the divestment of the US Commercial portfolio, the effective closure of Mainland China to Australian wine and reduced Commercial wine sales in Australia and the UK following the heightened pandemic related demand of the prior year.

Reported EBITS increased 3% to $524 million, and adjusting for the contribution from Penfolds Australian country of origin wine sold in Mainland China, EBITS increased by 22%.

EBITS margin improved to 21.1%, continuing our progression towards our long-term Group EBITS margin target of 25% and beyond.

We delivered very strong operating cash flow once again and our leverage ratio of 1.8x remains comfortably within our target range following the acquisition of Frank Family Vineyards. Our capital structure is in outstanding shape and will continue to support our future investment plans and growth ambitions.

The full year dividend paid in respect of fiscal 22 was 31 cents per share, an increase of 10.7% on the fiscal 21 dividend. This represents a payout ratio of 69% which is at the upper-end of our long-term dividend policy range.

In addition to delivering a high-quality financial result, our teams delivered against their strategic priorities in the year.

The Penfolds team made strong progress attracting new consumers and growing distribution and availability across key markets in Asia, Europe and the US.

While EBITS and Revenue declined 8% and 9% respectively due to the reduced shipments to Mainland China, strong performance in these other key markets enabled the delivery of a financial result we are very proud of with reported EBITS excluding Mainland China increasing 25% at constant currency.

Growth was particularly strong in Asia, where NSR outside of Mainland China increased over 100% driven by a number of markets including Singapore, Thailand, Malaysia, Taiwan, Korea and Vietnam.

The long-term global growth opportunity for Penfolds is significant, which we recently validated through a detailed assessment of our current distribution footprint and future capacity growth across a number of key markets.

Significant progress was also made on the Penfolds multi- country of origin portfolio strategy, with the Penfolds collection launch in August comprising the Australian, Californian and inaugural release of the French portfolio. The quality of these wines was met by outstanding acclaim from critics around the world.

We were also excited to announce a few weeks ago the release of the new “One by Penfolds” range comprising four wines from three winemaking regions, France, America and, for the first time, from China. One by Penfolds will initially be available in China, underlining our long-term commitment to the China market and its wine industry, and will be available globally from mid-2023. Central to the Penfolds multi- country of origin strategy is the bringing together of phenomenal wines from the best wine making regions in the world, while remaining true to the iconic Penfolds house style.

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The Treasury Americas business has been successfully re-shaped as a premium and luxury focused wine business with expanding margins and a portfolio of fast growing brands. It was rewarding to see the successful execution of this strategy reflected in the Treasury Americas financial results in F22, with significant earnings and margin improvement.

The acquisition of Frank Family Vineyards was a highlight during the year, and we are very pleased to have added this outstanding brand to the portfolio in F22. We look forward to executing on our growth plans for this brand, focused on increasing supply and expanding distribution.

Treasury Americas' priority brand portfolio continued its momentum growing NSR 15% in F22 on a constant currency basis led by Beringer, Stags' Leap, Matua and 19 Crimes with outstanding innovation continuing to drive growth of the Premium portfolio.

Treasury Premium Brands made great progress towards their key financial priorities of premiumisation, earnings growth and margin expansion.

We saw strong growth across key Premium and Luxury brands such as 19 Crimes, Pepperjack, Squealing Pig and Wynns.

The focus on making these priority brands bigger globally is starting to pay dividends, with distribution gains and brand building across key markets in Europe and Asia driving fiscal 22 performance and giving us great confidence in the opportunity before TPB as a global business.

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For F23 the strategic priorities will remain largely unchanged for each division, with the focus of the respective teams being to continue executing what is now a very clear path towards their long-term growth and financial objectives.

And right across TWE, we will continue to work to leverage our global strengths and capabilities to progress the key organisational priorities of elevating our culture and growing our talent, progressing our investment in technology to unlock long-term opportunities across our value chain, pursuing category-leading innovation and complementary M&A that that will enhance our brand and asset portfolio and continuing to build momentum towards our sustainability ambition.

Trading conditions, and Group EBITS in the first quarter of fiscal 2023 were in line with our expectations. Demand for Premium and Luxury wine has remained consistent across all of our key markets throughout the first quarter, reflecting ongoing category premiumisation trends. We will continue to closely monitor the consumer and trading environment, confident that the strengths of our brand portfolios, the historic resilience of the category through past economic downturns and the flexibility of our business model leaves us well placed to react to any changes that may arise.

The inflation and cost outlook remains in line with the expectations that we shared at our full year results update in August. Pleasingly our northern hemisphere vintages, including California and France, are also progressing in line with our expectations.

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With our earnings performance through the first quarter in line with our expectations, we remain on track in F23 to deliver strong growth and EBITS margin expansion towards our long-term Group target of 25%.

And finally, our financial objective remains to deliver sustainable top-line growth and high single digit average earnings growth over the long-term.

In closing, fiscal 22 was a very successful and rewarding year for our Company.

After two years of significant change, we enter F23 confident that we are absolutely on the right path towards the delivery of the TWE 2025 strategy and our ambition to be the world's most admired premium wine company.

It's certainly an exciting time for our Company and I thank you for your ongoing support of Treasury Wine Estates. Thankyou.

- ends -