



## TREASURY WINE ESTATES

4 August 2014

ASX ANNOUNCEMENT

### **TWE announces receipt of a revised proposal and granting of non-exclusive due diligence**

The Board of Treasury Wine Estates Limited (ASX:TWE or the "Company") announces that it has received a revised, indicative, non-binding and conditional proposal to acquire all of the shares of TWE at a price of \$5.20 cash per share on behalf of funds managed by Kohlberg Kravis Roberts & Co. L.P. ("KKR") and Rhône Capital L.L.C. ("Rhône") by way of a scheme of arrangement. The revised proposal reflects an increase of \$0.50 (or 10.6%) from the \$4.70 cash per share proposal from KKR dated 16 April 2014 which the Board of TWE rejected. It also represents a premium of 40.9% to the closing share price on 15 April 2014 of \$3.69 per share.

The Board of TWE, together with its advisers, has concluded, based on the revised proposal, that it is in the interests of its shareholders to engage further with KKR and Rhône. Therefore, subject to the negotiation of an appropriate confidentiality agreement, KKR and Rhône will be granted the opportunity to conduct non-exclusive due diligence.

The proposal remains subject to several conditions, including (among others):

- completion of due diligence to KKR's and Rhône's satisfaction;
- final approval of KKR's and Rhône's Investment Committees;
- availability of financing with all conditions precedent satisfied or waived prior to implementation of the transaction;
- execution of satisfactory definitive documentation customary for a transaction of this nature; and
- unanimous recommendation by the Board of TWE for the transaction.

KKR and Rhône have stated that the payment of any dividends or capital returns prior to completion of any transaction will impact their valuation of the Company and, accordingly, would need to be deducted from the price proposed.

The Board of TWE notes that there is no certainty that the proposed transaction will result in an offer for the Company.

If an offer does result, the Board will assess whether it delivers a value proposition that is superior to the expected benefits from Management's renewed strategic plans to:

- Increase and accelerate consumer marketing investment in the Company's brands;
- Continue to drive efficiencies and improve the Company's cost base; and
- Address structural opportunities in the Company by focusing on Commercial brands separately from the Luxury & Masstige portfolio in Australia (including initiatives to unlock further supply chain cost savings); as well as inorganic opportunities to build on Management's existing growth platforms for TWE's Luxury & Masstige brands.

In the meantime, shareholders do not need to take any action in response to the revised KKR and Rhône proposal.

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