TREASURY
WINE ESTATES

Treasury Wine Estates
Annual 2016 financial result

Treasury Wine Estates will host an investor and media webcast and conference call commencing at 11:00am (AEST) on 18 August 2016 (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:

Participant Passcode 8200156

Dial In:

Australia-wide	1800 801 825
Australia – NSW	02 8524 5042
UK	0 800 015 9725
USA	1 855 298 3404
USA – New York	1 631 514 2526
Canada	1 855 842 3490
China	4 001 200 539
France	08 00 91 65 99
Hong Kong	800 905 927
Italy	800 875 577
Japan	012 0271 900
New Zealand	0 800 452 905
Norway	800 11 518
Singapore	800 616 3222
Sweden	0207 968 70
Switzerland	0800 837 001

MEDIA RELEASE 18 August 2016

TWE doubles Net Profit After Tax and Earnings Per Share in F16[1,2] Accelerating momentum across all regions

Treasury Wine Estates Ltd (ASX:TWE) today announced its annual 2016 financial result, with Reported Net Profit After Tax (NPAT) and Earnings Per Share (EPS) more than double the previous corresponding period (pcp) with NPAT at $179.4m and EPS at 25.1 cents per share, respectively.

TWE reported Earnings Before Interest, Tax, SGARA and material items (EBITS) of $342.0m, up 52% on a reported currency basis and slightly ahead of guidance provided on 4 July 2016[3].

Excluding the earnings contribution of Diageo Wine[4] in 2H16 of $33.2m, TWE delivered EBITS of $308.8m in F16, up 37% on the pcp.

The Company also delivered outstanding EBITS margin accretion, up 3.2ppts to 15.3% while also reporting improved Return on Capital Employed (ROCE), up 2.8ppts to 9.6%.

The Board declared a final dividend of 12 cents per share, bringing the total dividend for F16 to 20 cents per share; representing a 6 cent per share increase (+43%) and a 67% payout ratio.

On today's result, TWE's Chief Executive Officer, Michael Clarke commented: "Our F16 result demonstrates that momentum across our business is accelerating. TWE is now delivering consistent earnings growth and margin accretion on a more balanced, sustainable and quality earnings basis."

In F16, each of TWE's regions delivered strong results, demonstrating the benefits of having repositioned the business to deliver consistent earnings growth, sustainably.

- Australia & New Zealand (ANZ) reported EBITS growth of 4% to $92.3m, driven by strong volume growth of TWE's Priority Brands, outstanding brand building execution and improved price realisation on supply constrained wines

- Asia reported 40% EBITS growth to $102.0m while also delivering EBITS margin broadly in line with the pcp. Strong volume growth was underpinned by continued optimisation of TWE's routes-to-market across the region, portfolio diversification and increasing consumer demand for imported wine brands

- Europe reported EBITS of $47.7m; more than double the pcp. Excluding the Diageo Wine acquisition ($11.3m), Europe delivered strong EBITS growth and margin accretion, despite a reduction in volume

- Americas reported a 64% uplift in EBITS to $136.3m, reflecting portfolio premiumisation, continued reshaping of TWE's portfolio, six months contribution from the Diageo Wine acquisition ($21.7m) and favourable foreign currency movements

TWE's Supply Chain Optimisation initiative delivered Cost of Goods Sold (COGS) savings of $41m in F16, driven by realisation of cost reductions and benefits from production asset optimisation.

---

[1] Reported Net Profit After Tax and Reported Earnings Per Share
[2] Unless otherwise stated, all percentage movements outlined in TWE's Media Release are stated on a reported currency basis
[3] On 4 July 2016, TWE guided that EBITS for F16 was expected to be in the range of $330m - $340m
[4] TWE acquired Diageo Wine on 1 January 2016

The acquisition of Diageo Wine on 1 January 2016 delivered immediate EBITS margin accretion to TWE's business. Diageo Wine reported an EBITS margin of 16.5% in 2H16 reflecting a favourable mix impact from withdrawing from unprofitable volume and some benefit from overheads already absorbed by TWE's base business. This was partially offset by significantly elevated brand building investment, notably in the Americas.

With the Diageo Wine acquisition being EPS neutral in the first six months of ownership, TWE remains well positioned to deliver on its commitment made in October 2015, that the acquisition will drive low double digit percent EPS accretion in F17.

While the re-set of Diageo Wine is expected to continue, TWE enters 1H17 with an outstanding pipeline of innovation and consumer and brand-led marketing campaigns intended to enhance brand health, price realisation and drive margin accretion in all TWE markets.

TWE targets financial metrics that are consistent with an investment grade credit profile. TWE's balance sheet continues to provide the Company with the flexibility to pursue value accretive opportunities for shareholders, with net debt / EBITDAS of 0.9x[5] and interest cover of 16.5x.

Continued strong cash conversion of 123% in F16 was driven by TWE's strong operating performance across all regions and a favourable movement in working capital.

Future perspectives

Following the accelerated delivery of Supply Chain benefits during the year, TWE now expects total COGS savings from its Supply Chain Optimisation initiative to reach a run-rate of at least $100m (up from $80m) by F20.

TWE also expects total cash synergies recognised from the acquisition of Diageo to reach a run-rate of US$35m (up from US$25m) by F20.

Therefore, TWE now expects to deliver a high-teens EBITS margin by F18; representing a two year acceleration of this target.

Strong earnings momentum and continued optimisation of TWE's Capital Employed is also expected to deliver ongoing ROCE improvement which will in turn, drive significant value for TWE and its shareholders.

Michael Clarke commented on TWE's future prospects: "I am very pleased with our performance in fiscal 2016. We have a refreshed Priority Brand portfolio[6] and momentum is continuing to build across our regions and importantly, our results are being delivered sustainably."

Contacts / further information:

Media		**Investors**
Roger Sharp	Carolyn Coon	Jane Betts
Tel: +61 3 8533 3786	Tel: +61 3 8533 3923	Tel: +61 3 8533 3493
Mob: +61 458 883 599	Mob: +61 405 183 628	Mob: +61 437 965 620

[5] Adjusted for operating leases, TWE's net debt / EBITDAS was 1.6x in F16

[6] F17 Priority Brands include: Penfolds, Wolf Blass, Beringer, Lindeman's, Rawson's Retreat, Pepperjack, Wynns, Matua, Chateau St Jean, Stags' Leap, Gabbiano, 19 Crimes, Sterling Vineyards, Beaulieu Vineyard and Blossom Hill

PROFIT REPORT
Financial Performance

$Am (unless otherwise stated)	F16	Reported Currency F15	Reported Currency Change	Constant Currency F15	Constant Currency Change
Volume (m 9L cases)	33.6	30.1	11.5 %	30.1	11.5 %
Net sales revenue	2,232.6	1,857.2	20.2 %	1,972.2	13.2 %
NSR per case ($)	*66.50*	*61.66*	*7.8 %*	*65.48*	*1.6 %*
Other Revenue	110.7	113.8	(2.7)%	111.0	(0.3)%
Cost of goods sold	(1,508.3)	(1,324.1)	(13.9)%	(1,370.7)	(10.0)%
Cost of goods sold per case ($)	*44.92*	*43.96*	*(2.2)%*	*45.51*	*1.3 %*
Gross profit	835.0	646.9	29.1 %	712.5	17.2 %
Gross profit margin (% of NSR)	*37.4%*	*34.8%*	*7.5 %*	*36.1%*	*3.6 %*
Cost of doing business	(493.0)	(421.8)	(16.9)%	(446.4)	(10.4)%
Cost of doing business margin (% of NSR)	*22.1%*	*22.7%*	*0.6ppts*	*22.6%*	*0.5ppts*
EBITS	**342.0**	**225.1**	**51.9 %**	**266.1**	**28.5 %**
EBITS margin (%)	*15.3%*	*12.1%*	*3.2ppts*	*13.5%*	*1.8ppts*
SGARA	(8.5)	(18.9)	55.0 %	(19.7)	56.9 %
EBIT	**333.5**	**206.2**	**61.7 %**	**246.4**	**35.3 %**
Net finance costs	(21.2)	(21.6)	1.9 %	(21.9)	3.2 %
Tax expense	(94.7)	(57.4)	(65.0)%	(59.1)	(60.2)%
Net profit after tax (before material items)	**217.6**	**127.2**	**71.1 %**	**165.4**	**31.6 %**
Material items (after tax)	(38.1)	(49.6)	23.2 %	(50.0)	23.8 %
Non-controlling interests	(0.1)	-	-	-	-
Net profit after tax	**179.4**	**77.6**	**131.2 %**	**115.4**	**55.5 %**
Reported EPS (A¢)	25.1	11.7	114.5 %		
Net profit after tax (before material items and SGARA)	**221.8**	**142.5**	**55.6 %**	**181.5**	**22.2 %**
EPS (before material items and SGARA) (A¢)	31.1	21.5	44.7 %		
Average no. of shares (m)	713.7	663.0			
Dividend (A¢)	20.0	14.0	43%		

Diageo Wine

	F16
Volume (m 9Le)	3.4
NSR (A$m)	200.7
NSR per case (A$)	59.26
EBITS (A$m)	33.2
EBITS margin (%)	16.5%

Base Business

	F16	F15	% Reported currency
Volume (m 9Le)	30.2	30.1	0.2%
NSR (A$m)	2,031.9	1,857.2	9.4%
NSR per case (A$)	67.31	61.66	9.2%
EBITS (A$m)	308.8	225.1	37.2%
EBITS margin (%)	15.2%	12.1%	3.1ppts

Diageo Wine EBITS margin driven by:

- Favourable mix driven by aggressive withdrawal from unprofitable volume and unsustainable customer contracts in 2H16
- Absorption of overheads into TWE's base business via integration in 2H16, notably in Europe
- Partially offset by significantly elevated brand building investment

Financial headlines[7]

- Net Sales Revenue (NSR) up 20% on a reported currency basis and by 13% on a constant currency basis[8]
- EBITS[9,10] $342.0m, up 52% on a reported currency basis and 29% on a constant currency basis
- 3.2ppts EBITS margin accretion on the pcp on a reported currency basis
- Statutory net profit after tax $179.4m
- Reported EPS 25.1 cents per share
- EPS of 31.1 cents per share (before material items & SGARA)
- Strong cash conversion at 123%
- Net debt[11] / EBITDAS: headline, 0.9x; adjusted for operating leases 1.6x[12] and interest cover 16.5x[13]

Business headlines

- Margin accretion delivered by base business portfolio premiumisation, acquisition of Diageo Wine, lower Cost of Doing Business margin and Supply Chain savings
- Integration of Diageo Wine largely complete; re-set period ongoing
- Deliberate action to exit unsustainable volume and customer arrangements in the US and UK in 2H16
- Significantly improved profitability of Priority Brand portfolio[14]; portfolio comprised more than 85% of total NSR[15]
- Supply Chain Optimisation initiative delivered increased COGS savings in 2H16; COGS savings now expected to a run-rate of be at least $100m by F20
- Sale of non-priority Commercial (NPC) brand portfolio[16] in July 2016

Dividend

- Annual dividend 20 cents per share, unfranked, 6 cents per share higher than the pcp (up 43%)
- Dividend payout ratio 67%; consistent with dividend policy[17]

Outlook

- TWE now expects to deliver a high-teens EBITS margin by F18, supported by continued momentum across all regions and increased COGS savings

---

[7] F15 comparatives have been restated to reflect minor reclassifications of selling and IT related costs
[8] Unless otherwise stated all percentage or Dollar movements from prior periods are pre any material items and on a constant currency basis
[9] Earnings before interest, tax, SGARA and material items
[10] Financial information in this report is based on unaudited financial statements. Non-IFRS measures have not been 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
[11] Borrowings have been adjusted to include $12.9m fair value of interest rate derivatives designated in a fair value hedge of US Private Placement notes
[12] Adjusted for TWE's long term operating lease profile, which increased following the acquisition of Diageo Wine
[13] Interest cover calculated as the ratio of earnings to net interest expense, where earnings is the consolidated pre-tax profit (pre material items and SGARA) plus the sum of the amount of net interest expense adjusted for amortised interest costs, per financial covenants
[14] Priority Brand NSR adversely impacted by exit from unsustainable volume and customer contracts in the US and UK in 2H16
[15] Based on base business NSR in F16
[16] Divested NPC brands include: Little Penguin, Stone Cellars, Cellar No 8, Colores Del Sol, Black Opal, Century Cellars, Great American Wine Company, Chateau La Paws, Once Upon A Vine, Rosenblum, Snapdragon and Orogeny
[17] TWE targets a dividend payout ratio of between 55%-70% of Net Profit After Tax (pre-material items and SGARA) over a fiscal year

Revenue by region

A$m	F16	F15	%	F15	%
	Reported currency			Constant currency	
Net Sales Revenue					
ANZ	590.7	586.3	0.8%	585.5	0.9%
Asia	293.2	208.6	40.6%	209.9	39.7%
Americas	991.0	776.2	27.7%	862.5	14.9%
Europe	357.7	286.1	25.0%	314.3	13.8%
Total sales revenue	**2,232.6**	**1,857.2**	**20.2%**	**1,972.2**	**13.2%**
Other revenue	110.7	113.8	(2.7)%	111.0	(0.3)%
Total Revenue	**2,343.3**	**1,971.0**	**18.9%**	**2,083.2**	**12.5%**

Volume

- Volume up 3.5m 9Le cases (+12%) to 33.6m 9Le cases
- Base business volume up slightly to 30.2m. Strong volume growth reported in Asia and Australia largely offset by deliberate exit of unsustainable Commercial volume in the US and UK in 2H16

Revenue

- Net Sales Revenue up 13% driven by the Diageo Wine acquisition, continued portfolio premiumisation and favourable country mix

Cost of Goods Sold (COGS)

- Total COGS per case favourable to prior year, principally reflecting impact of Diageo Wine's lower average COGS per case and TWE's Supply Chain Optimisation initiative
- Favourable overall COGS per case partially offset by premiumisation and underlying COGS headwinds in TWE's base business driven by increased vintage costs in F16
- TWE's Supply Chain Optimisation initiative delivered COGS savings of $1.36 per case (or $41m across TWE's base business volume of 30.2m cases)
- Excluding Supply Chain Optimisation savings, Base Business COGS would have increased $1.21 per case on the pcp
- Expected COGS savings from Supply Chain Optimisation increased from $80m to a run-rate of at least $100m by F20

Cost of Doing Business (CODB)

- CODB up $46.6m or 10% to $493.0m driven by acquisition of Diageo Wine and continued investment in brand building and organisational capabilities across all regions
- CODB margin slightly below pcp underpinned by continued NSR growth

EBITS by region[18]

A$m	F16	F15	%	F15	%
	Reported currency			Constant currency	
ANZ	92.3	88.9	3.8%	85.5	8.0%
Asia	102.0	72.9	39.9%	70.6	44.5%
Americas	136.3	83.2	63.8%	108.8	25.3%
Europe	47.7	16.0	198.1%	37.0	28.9%
Corporate	(36.3)	(35.9)	(1.1)%	(35.8)	(1.4)%
TWE EBITS	**342.0**	**225.1**	51.9%	**266.1**	28.5%

EBITS

- EBITS up 29% to $342.0m, including $33.2m from Diageo Wine
- Base business EBITS up 16% to $308.8m driven by portfolio premiumisation, Supply Chain savings and lower CODB as a percentage of NSR, partially offset by continued investment in marketing and organisational capability

SGARA

- SGARA loss of $8.5m principally driven by a reduction in yield and tonnage from the 2015 Californian vintage in 1H16, partially offset by strong vintages in Australia and New Zealand in 2H16

Net finance costs

- Slightly lower net finance costs driven by interest earned on funds held on deposit prior to the settlement of the Diageo Wine acquisition in 1H16, partially offset by higher acquisition-related borrowings in 2H16

Tax expense

- Higher tax expense due to increased earnings, including the acquisition of Diageo Wine. Effective tax rate: 30.3%

Material items

- Material item expense of $38.1m (post tax) driven by transaction and integration costs associated with the acquisition of Diageo Wine and implementation of Supply Chain Optimisation initiatives

Net profit after tax (NPAT)

- NPAT before material items up to $217.6m (+32%) principally driven by higher EBITS and lower net finance costs and SGARA

Corporate costs

- Corporate costs remained broadly in line with pcp at $36.3m

Earnings Per Share (EPS)

- EPS (before SGARA and material items) increased 45% to 31.1 cents per share. EPS attributable to shareholders more than doubled to 25.1 cents per share

[18] F15 comparatives have been restated to reflect the transition of Middle East & Africa from Europe to Asia, the transition of LATAM from Americas to Europe, a reclassification of selling costs, and a change in allocation methodology of corporate overheads, relating to IT

Balance Sheet (condensed)[19]

A$m	F16	F15
Cash & cash equivalents	256.1	122.1
Receivables	611.4	506.6
Current inventories	904.0	704.2
Non-current inventories	678.4	533.8
Property, plant & equipment	1,154.5	928.8
Agricultural assets	340.0	255.1
Intangibles	1,060.2	791.1
Other assets	372.6	308.1
Total assets	**5,377.2**	**4,149.8**
Payables	725.4	460.6
Borrowings	630.9	324.6
Provisions	80.4	93.4
Other liabilities	305.4	220.5
Total liabilities	**1,742.1**	**1,099.1**
Net assets	**3,635.1**	**3,050.7**

Balance sheet movements as at June 2016

Net assets up $584.4m reflecting the acquisition of Diageo Wine. Adjusting for movements in foreign currency, net assets increased $564.3m

Cash and cash equivalents

Higher cash balance principally driven by the contribution of Diageo Wine in 2H16 and continued base business momentum

Working Capital

Higher working capital driven by:

- Increased inventory reflecting the acquisition of Diageo Wine as well as the outstanding 2016 vintages in Australia and New Zealand in 2H16 where yield and quality was excellent. Higher inventory in F16 was partially offset by a significant reduction in underlying costs as a result of TWE's Supply Chain Optimisation initiative
- Continued focus on optimising payment terms with key suppliers
- Partially offset by higher receivables driven by the acquisition of Diageo Wine in 2H16 and strong sales growth across TWE's base business

Inventory

Total inventory increased $344.4m. Factors driving the movement in inventory included:

- Significant uplift in Luxury inventory; up $255.4m to $798.1m in the period driven by the acquisition of Diageo Wine in 2H16 and outstanding 2016 vintages in both Australia and New Zealand
- Partially offset by lower average production costs driven by TWE's Supply Chain Optimisation initiative executed in F16
- Continued focus on optimising TWE's inventory mix by reducing Commercial and lower-end Masstige inventory holdings; TWE managed down the NPC portfolio in the US in F16 prior to divestment of the remaining inventory on 4 July 2016
- Movements in foreign exchange rates did not have a material impact on inventory in F16 relative to the pcp

Property, plant and equipment

Property, Plant & Equipment increased $225.7m to $1,154.5m reflecting wineries and packaging facilities acquired from Diageo Wine

Agricultural assets

Agricultural assets increased to $340.0m reflecting increased owned vines following acquisition of Diageo Wine

Intangibles

Increased intangible assets reflected goodwill and brand value on the acquisition of Diageo Wine

Borrowings[20]

Borrowings increased $306.3m to $630.9m reflecting the debt funding component of the Diageo Wine acquisition in 2H16. US$125m Diageo Wine acquisition bridge facility repaid in 2H16, funded by cash and existing undrawn facilities

Balance sheet leverage

Headline Net debt / EBITDAS 0.9x (adjusted for operating leases: 1.6x) and interest cover of 16.5x

Funding structure

At 30 June 2016, TWE had committed debt facilities totalling approximately $1bn, comprising bank facilities of $669.2m and US private placement notes of $335.6m

- Undrawn committed, syndicated debt facilities total $467.8m
- Weighted average term to maturity of committed facilities 4.4 years

[19] Unless otherwise stated, all balance sheet percentage or Dollar movements from the previous corresponding period are on a reported currency basis
[20] Borrowings have been adjusted to include $12.9m fair value of interest rate derivatives designated in a fair value hedge of US Private Placement notes

Cash flow – reconciliation of net debt

A$m (unless otherwise stated)	F16	F15
EBITDAS	**441.0**	**309.6**
Change in working capital	87.1	12.0
Other items	16.3	(4.4)
Net operating cash flows before financing costs, tax & material items	**544.4**	**317.2**
Cash conversion	**123.4%**	**102.5%**
Capital expenditure	(133.8)	(90.8)
Net investment expenditure/other	(803.7)	(1.3)
Asset sale proceeds	5.4	6.8
Cash flows after net capital expenditure, before financing costs, tax & material items	**(387.7)**	**231.9**
Net interest paid	(21.7)	(22.1)
Tax paid	(10.8)	(34.2)
Cash flows before dividends & material items	**(420.2)**	**175.6**
Dividends/distributions paid	(111.2)	(84.7)
Cash flows after dividends before material items	**(531.4)**	**90.9**
Material item cash flows	(13.7)	(85.1)
Issue of shares, less transaction costs	475.4	-
On-market share purchases	(4.5)	(0.1)
Total cash flows from activities	**(74.2)**	**5.7**
Opening net debt	**(213.9)**	**(209.4)**
Total cash flows from activities (above)	(74.2)	5.7
Proceeds from settlement of derivatives	10.3	47.0
Acquired Diageo Wine finance lease	(85.1)	-
Debt revaluation and foreign exchange movements	(2.1)	(57.2)
Increase in net debt	**(151.1)**	**(4.5)**
Closing net debt	**(365.0)**	**(213.9)**

Movement in net debt

Net debt increased $151.1m to $365.0m. Drivers of the movement in net debt included:

Movement in EBITDAS

EBITDAS increased $131.4m on a reported currency basis driven by continued momentum across TWE's base business and the acquisition of Diageo Wine

Movement in working capital

Favourable movement in working capital of $87.1m driven by:

- Significantly higher payables (including $26m due to timing) as TWE optimises payment terms with suppliers;
- Partially offset by increased inventory reflecting higher vintages in Australia and New Zealand in 2016; and
- Higher receivables balances from the acquisition of Diageo Wine and accelerated momentum in TWE's base business in F16

Movement in capital expenditure

Capital expenditure up $43m to $133.8m driven by:

- Maintenance and replacement capital expenditure of $91.4m in line with guidance and reflected investment in premiumisation activities
- Capital expenditure supporting TWE's Supply Chain Optimisation initiative of $26.9m; in line with guidance
- Integration capital expenditure of $15.5m relating to the acquisition of Diageo Wine in 2H16

Maintenance and replacement expenditure not expected to be more than $110m in F17. Capital expenditure required to deliver TWE's integration synergies of US$35m (run rate by F20) is expected to be circa $80m in F17

Movement in net investment expenditure

Adverse movement in net investment expenditure reflects settlement of Diageo Wine acquisition on 1 January 2016

Movement in material items

Favourable movement in net material items outflow driven by:

- Proceeds from the sale of the Asti Winery in the US as part of TWE's Supply Chain Optimisation initiative in 1H16
- Offset by restructuring and redundancy outflows relating to TWE's overhead reduction program and Supply Chain Optimisation initiative

Proceeds from issue of shares, less transaction costs

Proceeds from issue of shares, net of transaction costs of $475.4m related to the cash inflow from the equity funding component of the Diageo Wine acquisition in 1H16

Tax paid

Lower tax paid driven by payment of franking deficits tax in the pcp to bring TWE's franking account balance to nil

Acquired Diageo Wine finance lease

Acquired Diageo Wine finance lease relates to the capitalised lease acquired upon settlement of the Diageo Wine acquisition on 1 January 2016

Exchange rate impact

Lower period-end exchange rates used to revalue foreign currency borrowings as at 30 June 2016 increased net debt by $2.1m. Cash flows from the close out of foreign currency exchange swap contracts decreased net debt by $10.3m. These cash flows have nil impact on the Profit & Loss Statement

Cash conversion

Cash conversion was 123.4%, compared with 102.5% in the pcp

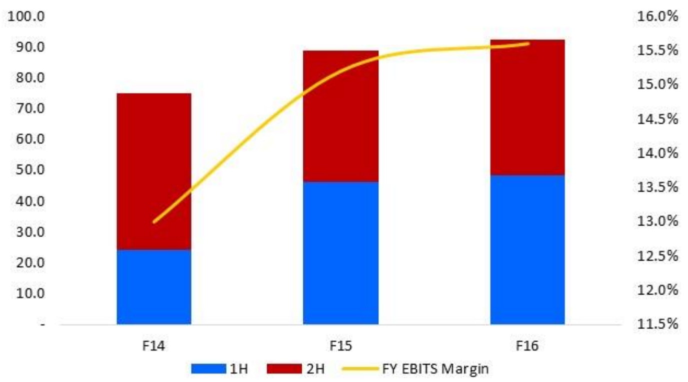
Regional Summaries
Australia & New Zealand (ANZ)

Financial performance[21]

A$m	F16	F15	%	F15	%
			Reported currency		Constant currency
Volume (m 9Le)	7.8	7.6	2.6%	7.6	2.6%
NSR (A$m)	590.7	586.3	0.8%	585.5	0.9%
NSR per case (A$)	75.88	77.28	(1.8)%	77.17	(1.7)%
EBITS (A$m)	92.3	88.9	3.8%	85.5	8.0%
EBITS margin (%)	15.6%	15.2%	0.4ppts	14.6%	1.0ppts

Historical EBITS and EBITS margin

A$m



** Chart presented on a reported currency basis*

Business performance

- Volume up 197.5k 9Le cases (+2.6%) to 7,785k
- NSR up 1% despite adverse portfolio mix within Luxury segment and strong growth in TWE's Commercial tiers in 2H16
- Supply constraints in TWE's Masstige portfolio partially offset by price increases during the period, notably on Penfolds, Wynns and Annie's Lane
- Increased consumer marketing activities supporting TWE's Priority Brands underpinned strong growth in Commercial tiers of Wolf Blass and Lindeman's, notably in 2H16
- TWE gaining share in Australian Luxury category driven by outstanding consumer and brand-led marketing campaigns
- COGS per case in line with pcp. Higher vintage costs from lower yielding 2014 and 2015 vintages offset by Supply Chain optimisation benefits and increased production overhead recoveries delivered by Commercial volume growth, particularly in 2H16
- Favourable CODB margin as lower overheads and NSR growth more than offset increased brand building investment
- Exit from less profitable volume and growth in the Masstige segment delivered positive mix and EBITS growth in New Zealand in the period
- EBITS up 8% to $92.3m despite adverse portfolio mix
- EBITS margin accretion delivered, up 1ppt to 15.6%

ANZ regional perspectives

- Continued focus on strengthening partnerships with retail customers in Australia underpinned by investment in successful category growth initiatives
- Focused on strengthening category leadership position via continued consumer and brand-led marketing and building long term partnerships with key customers
- Gem Brand portfolio now well positioned for growth with key innovation launches and portfolio realignment
- Focused on investment in innovation that drives portfolio premiumisation, optimisation of brand building investment and ongoing focus on cost management

[21] F15 EBITS restated to $88.9m (from $84.4m) and 1H16 ANZ EBITS restated to $48.5m (from $46.7m), reflecting a change in allocation methodology of corporate overheads, relating to IT

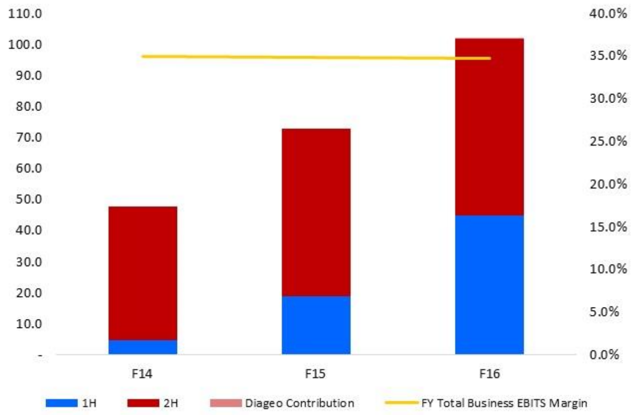
Regional Summaries
***Asia*[23]**

Financial performance

A$m	F16	F15	%	F15	%
			Reported currency		Constant currency
Volume (m 9Le)					
- Base business	2.3	1.7	37.2%	1.7	37.2%
- Diageo wine	0.1		Not Applicable		
- Total	2.4	1.7	39.9%	1.7	39.9%
NSR (A$m)	293.2	208.6	40.6%	209.9	39.7%
NSR per case (A$)	123.48	122.88	0.5%	123.65	(0.1)%
EBITS (A$m)					
- Base business	101.8	72.9	39.6%	70.6	44.2%
- Diageo wine	0.2		Not Applicable		
- Total	102.0	72.9	39.9%	70.6	44.5%
EBITS margin (%)	34.8%	34.9%	(0.1)ppts	33.6%	1.2ppts

Historical EBITS and EBITS margin

A$m



** Chart presented on a reported currency basis*

Business performance

- Total volume, NSR, EBITS and EBITS margin up driven by continued momentum in TWE's base business, with a marginal contribution from the Diageo Wine acquisition in 2H16
- Volume up 40% to 2.4m 9Le cases, delivered by both North Asia (+76%) and South Asia (+1%)
- 2H16 volume (up 3% versus pcp) reflects higher volume-weighting to 2H in F15: 67% of volume sold in 2H15 versus 43% in 2H16
- NSR per case in line with pcp reflecting favourable country mix and price increases on select brand tiers, partially offset by portfolio diversification
- Priority Brand portfolio NSR per case up led by Penfolds, Wolf Blass, Rawson's Retreat, Wynns and Lindeman's
- COGS per case broadly in line with pcp; higher inventory costs offset by Supply Chain savings and diversified portfolio mix, notably in 2H16
- Consumer marketing double prior year supporting price increases taken in 2H16 and driving consumer and brand-led marketing campaigns on key Priority Brands, notably TWE's US brand portfolio
- Investment in consumer marketing and on-the-ground sales and marketing capabilities to support new routes-to-market offset by NSR growth; CODB margin down 1.2ppts
- EBITS up $31.4m to $102.0m; strong EBITS margin accretion delivered, up 1.2ppts to 34.8%

Asian regional perspectives

- Fundamentals of Asian wine markets continue to be highly attractive; imported wine category grew 17% in CY15 versus historical CAGR of 10% per annum between CY10 and CY14[24]
- Continued focus on deepening customer partnerships and more efficient routes-to-market across Asia, notably China, Taiwan, Singapore, Japan and Malaysia
- Significant opportunity for US brand portfolio in F17 and beyond with US brand volume up strongly in F16; continued elevated brand investment to support US portfolio expected
- Asia region continues to focus on driving a balanced brand and country-of-origin (i.e. Australian, US, Italian and New Zealand wine) mix via portfolio diversification strategy
- EBITS margin between 30%-35% expected in F17 driven by portfolio mix diversification, continued investment in marketing and sales presence, partially offset by optimised pricing and brand building investment

[23] F15 EBITS restated to $72.9m (from $73.1m) to reflect the inclusion of the Middle East & Africa (MEA) business ($2.9m) and changes in allocation methodology of corporate overheads, relating to IT. MEA contributed EBITS of $1.4m in F16. 1H16 Asia EBITS restated to $45.0m (from $46.5m) reflecting the change in allocation methodology of corporate overheads, relating to IT

[24] IWSR Still & sparkling wines only (excludes non-grape and fortified wines)

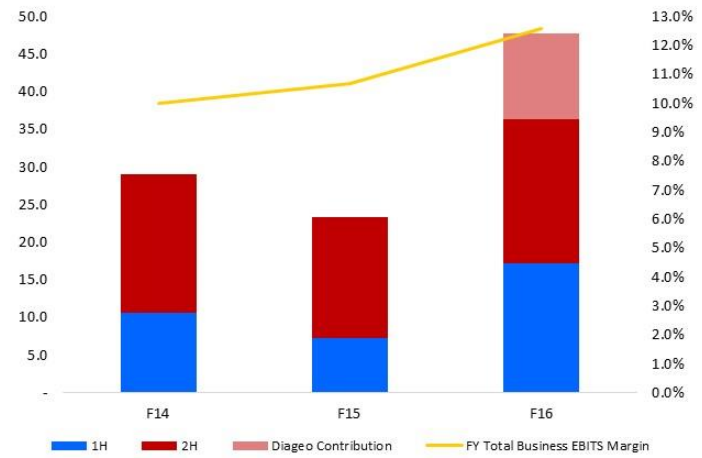
Regional Summaries
Europe [25]

Financial performance

A$m	F16	F15	%	F15	%
		Reported currency		Constant currency	
Volume (m 9Le)					
- Base business	6.4	6.7	(4.3)%	6.7	(4.3)%
- Diageo wine	2.0	Not Applicable			
- Total	8.4	6.7	26.4%	6.7	26.4%
NSR (A$m)	357.7	286.1	25.0%	314.3	13.8%
NSR per case (A$)	42.46	42.94	(1.1)%	47.17	(10.0)%
EBITS (A$m)					
- Base business	36.4	16.0	127.5%	37.0	(1.6)%
- Diageo wine	11.3	Not Applicable			
- Total	47.7	16.0	198.1%	37.0	28.9%
EBITS margin (%)	13.3%	5.6%	7.7ppts	11.8%	1.5ppts

Historical EBITS and EBITS margin

A$m



** Chart presented on a reported currency basis*

Business performance

- Total volume, NSR, EBITS and EBITS margin up driven by continued focus and investment in core brand tiers and six months contribution from the acquired Diageo Wine acquisition
- Base business volume down 284k 9Le cases to 6,379k cases largely driven by exit from unsustainable volume in the UK in 2H16
- Headline NSR up 14% driven by acquisition of Diageo
- Lower NSR per case driven by increased Commercial wine volume and reallocation of Luxury wine to optimise global margins in 1H16, partially offset by growth in priority brand Masstige tiers in 2H16
- Masstige portfolio in Europe delivered 7% NSR per case growth in 2H16
- Key Priority Brands Wolf Blass and Lindeman's core tiers and 19 Crimes delivering NSR per case growth
- Lower COGS per case driven by adverse portfolio mix and Supply Chain efficiencies
- Higher brand building investment driven by acquisition of Diageo Wine, partially offset by optimised consumer marketing spend; investment focused on core Priority Brand tiers, notably in 2H16
- CODB margin favourable versus pcp as NSR growth more than offset increased brand building investment. Overheads were broadly flat on the pcp
- Diageo Wine EBITS $11.3m; 12 month re-set in progress
- LATAM EBITS in line with pcp at $5.8m; ongoing investment in sales and marketing capability delivering positive momentum
- EBITS up 29% to $47.7m; EBITS margin accretion delivered, up 1.5ppts to 13.3%

Europe regional perspectives

- TWE managing challenging pricing and trading environment in Europe with focused investment on core Priority Brand tiers and market combinations, supported by lean overhead structure
- Blossom Hill provides TWE with important scale and significance in higher margin Impulse channel
- Impact of Brexit on customer and consumer demand remains uncertain; cost and revenue mitigation plans for F17 and beyond in place
- Movements in foreign exchange rates as a result of Brexit likely to result in increased COGS for Australian and US imported wine in F17, notably Blossom Hill

[25] F15 EBITS restated to $16.0m (from $14.4m) to reflect the inclusion of the LATAM business ($5.3m), the exclusion of the Middle East & Africa (MEA) business ($2.9m) and changes in allocation methodology of corporate overheads, relating to IT. LATAM contributed EBITS of $5.8m in F16 and MEA contributed EBITS of $1.4m in F16. No change 1H16 EBITS

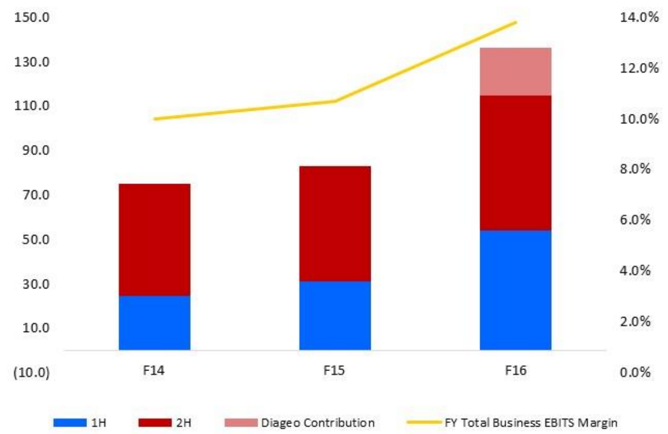
Regional Summaries
***Americas*[26]**

Financial performance

A$m	F16	F15	%	F15	%
		Reported currency		Constant currency	
Volume (m 9Le)					
- Base business	13.7	14.2	(3.4)%	14.2	(3.4)%
- Diageo wine	1.3	Not Applicable			
- Total	15.0	14.2	5.8%	14.2	5.8%
NSR (A$m)	991.0	776.2	27.7%	862.5	14.9%
NSR per case (A$)	66.10	54.77	20.7%	60.85	8.6%
EBITS (A$m)					
- Base business	114.6	83.2	37.7%	108.8	5.3%
- Diageo wine	21.7	Not Applicable			
- Total	136.3	83.2	63.8%	108.8	25.3%
EBITS margin (%)	13.8%	10.7%	3.1ppts	12.6%	1.2ppts

Historical EBITS and EBITS margin

A$m



** Chart presented on a reported currency basis*

Business performance

- Total volume, NSR, EBITS and EBITS margin up strongly driven by strengthened base business and six months contribution from the acquired Diageo Wine business
- TWE's performance in Nielsen in F16 not representative of TWE's underlying volume and profitability due to:
  - Impact of accelerated depletions in F15 driven by deployment of Special Depletions Allowance
  - TWE managed down Non-Priority Commercial (NPC) portfolio in 2H16; NPC portfolio divested on 4 July 2016
  - Aggressive withdrawal from unsustainable volume and unprofitable customer arrangements in 2H16
  - Adjusted Nielsen volume up 2%[27]
- Adjusting for NPC portfolio (managed down over F16) and divestment of Souverain in July 2015, Base business volume in line with the pcp. Headline volume down 3.4%
- NSR per case up reflecting favourable portfolio mix, price increases on select brands and focus on sustainable volume
- Priority Brand portfolio delivered solid NSR per case growth, led by Beringer Luxury tier, Chateau St Jean, Lindeman's, Stags' Leap, Matua and 19 Crimes
- Increased COGS per case reflects premiumised portfolio mix and higher inventory costs, partially offset by Supply Chain optimisation savings
- Increased CODB margin driven by investment in consumer and brand-led marketing programs and higher vacancy rates in 2H15 relative to 2H16
- EBITS reported in Canada in line with pcp underpinned by strong Masstige brand performance, particularly in 2H16, partially offset by adverse macroeconomic conditions
- Diageo Wine business EBITS $21.7m; re-set period on track
- EBITS up 25% to $136.3m; EBITS margin accretion delivered, up 1.2ppts to 13.8%

Americas regional perspectives

- Fundamentals of the US wine market remain highly attractive
- NPC portfolio divested in July 2016; TWE now positioned to deliver sustainable volume and value growth in F17 and beyond
- Strong portfolio premiumisation underpinned by Luxury and Masstige portfolio depletions, up 15% and 13%, respectively; Commercial depletions in single digit growth in F16[28]
- Continued margin accretion to be underpinned by portfolio premiumisation, enhanced returns from the Diageo Wine business, optimisation of brand investment and cost management

---

[26] F15 EBITS restated to $83.2m (from $93.2m) to reflect the exclusion of the LATAM business ($5.3m) and changes in allocation methodology of corporate overheads, relating to IT. LATAM contributed EBITS of $5.8m in F16. 1H16 Americas EBITS restated to $54.1m (from $56.2m) reflecting the change in allocation methodology of corporate overheads, relating to IT
[27] Nielsen (Food, Drug and Liquor channels), 52 weeks ending 18 June 2016 and Company estimates
[28] Depletions growth excludes impact of Special Depletions Allowance in the prior period and excludes NPC brand portfolio divested in July 2016

Summary

In summary, the strong full year result demonstrates continued progress to transition TWE **from** an agricultural, order-taking company **to** a brand-led, marketing organisation.

Crucial to this transition is embedding a balanced and sustainable business model across TWE's brand and regional earnings mix, as well as building further flexibility and diversification into the Company's supply model.

TWE is now marketing and selling its key brands across all four quarters of the year, rather than delivering the majority of its earnings from only a few brands in the final quarter of the fiscal year. As a result, TWE's earnings will continue to be more evenly spread across the fiscal year.

Furthermore, the Company's brand building investment is focused on a global, 'portfolio of brands' approach, which in turn, diversifies the revenue and earnings composition. This is demonstrated by the Priority Brand portfolio comprising more than 85% of total NSR.

TWE is also diversifying its sourcing profile; driving an improved balance across key varietals, sourcing regions and appellations.

TWE remains focused on fully integrating Diageo Wine in 1H17 and driving a more sustainable base business. The integration is progressing well and the re-set of the business is on track.

Following the strong F16 performance and with accelerating momentum across the business, the outlook for TWE is positive. As a result, TWE expects to deliver:

- Total cash synergies recognised from the acquisition of Diageo to reach a run-rate of US$35m (up from US$25m) by F20
- Total COGS savings from its Supply Chain Optimisation initiative to reach a run-rate of at least $100m (up from $80m) by F20
- High-teens EBITS margin by F18; representing a two year acceleration of this target

Vintage update

Californian

Growing conditions for the 2016 Californian vintage to date have been characterised by an even-growing season, with winter rainfall reaching near average levels, minimal frost impact and a cool spring. Optimal temperatures and rainfall are supporting an early start to the harvest, with the season approximately one week ahead of long-term averages. Yields on high-demand varietals including Cabernet and Red Blenders are expected to be stronger throughout the coastal regions, especially in the Central Coast which was heavily impacted by the drought last year.

Australia

The 2016 Australian vintage was outstanding, driven by favourable growing conditions across South Australia, particularly in the Clare Valley and Barossa Valley. The 2016 intake was strong and above long-term average yields, especially for Luxury and Masstige fruit. Quality was excellent across all regions and varietals, particularly South Australian Cabernet and Shiraz.

New Zealand

The 2016 harvest was both high yielding and excellent quality, notably Pinot Noir from Central Otago and Sauvignon Blanc from the Marlborough region. Growing conditions were characterised by the driest Spring on record followed by well-timed rain in January. These conditions favoured all key regions and varietals.