



TREASURY WINE ESTATES

17 May 2018

ASX ANNOUNCEMENT

Treasury Wine Estates responds to market commentary

In response to media reports, Treasury Wine Estates Limited (TWE:ASX) confirms the Company is comfortable with the sustainability of its operating model in China, to build a portfolio of brands, and of its disciplined approach to managing inventory levels with its customers.

Discipline and sustainability remain the cornerstone of TWE's growth in North Asia (and globally). The Company actively monitors shipments, depletions and stock levels of its retail and distributor partners.

TWE cautions reliance on feedback from selected customers in China. The Company's disciplined and rigorous approach to working with customer partners to sell a portfolio of TWE's wines, as it does in every region around the world, may underpin motivations for underperforming customers, who are not growing with the Company, to comment publicly.

Regarding separate commentary on certain industries in Australia seeing a slowdown on clearance of imports into China, TWE confirms it is also experiencing delays for some of its Australian Country of Origin shipments being cleared by the General Administration of Customs China (GACC) to replenish its inventory levels.

As always, TWE continues to respectfully co-operate with authorities and relevant agencies in China to meet all regulatory requirements. The Company is seeking greater understanding of new and additional verification requirements which have been applied since April 2018, and seemingly appear to only apply to Australian Country of Origin wines, and to Australian exporters operating "warehouse models".

TWE is an approved Trusted Trader by the Australian Border Force (Customs), which is recognised by GACC and has no reason to believe that this slowdown will be a long term issue.

TWE continues to engage with a number of senior Australian government officials, including the Minister for Trade and Investment, the Department of Foreign Affairs and Trade, the Department of Agriculture, the Australian Border Force, and Wine Australia, as well as local industry bodies including the Winemakers' Federation of Australia to address the new and additional verification requirements.

In response to today's media reports, TWE Chief Executive Officer Michael Clarke commented: "The benefits of our global operating model means that we can allocate Luxury wines across regions, channels and fiscal years. This ensures brand scarcity is preserved and Luxury wine benefits from further maturation. Therefore, we have flexibility as to when and where this wine is sold in the short to medium term."

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TWE Management remains focused on executing and embedding important route-to-market changes in the United States, at the same time continuing positive earnings momentum in ANZ, Asia and Europe.

An investor / analyst call is scheduled for 17 May at 11.30am AEST. Conference call dial-in details will be lodged with the Australian Securities Exchange.

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