



TREASURY WINE ESTATES

6 August 2024

ASX ANNOUNCEMENT

Treasury Premium Brands impairment, intention to divest Commercial brand portfolio and F24 Group EBITs

Treasury Wine Estates Ltd (ASX: TWE) ("**TWE**") today announces that it will recognise a non-cash impairment charge of \$290m after tax in its F24 full year results, which will be treated as a material item in relation to the Treasury Premium Brands ("**TPB**") division. TWE also announces its intention to divest its Commercial¹ brand portfolio together with an update on its unaudited F24 Group EBITs, which are in line with expectations.

Treasury Premium Brands impairment and Commercial brands divestment

As announced at its F24 half year results in February, TWE has been assessing the future operating model for its global portfolio of Premium Brands. As part of this review, TWE has determined that it will seek to divest its Commercial brand portfolio and will provide investors with a full update on its ongoing review of the future operating model for its global portfolio of Premium brands as part of the F24 full year results announcement.

Following the latest review of the carrying value of the Group's assets as part of its annual impairment testing process, TWE will recognise a non-cash impairment charge of \$354m (\$290m post-tax) in its financial result for the year ended 30 June 2024 in relation to the TPB division. This impairment will be treated as a material item and relates primarily to the write-down of goodwill (\$115m) and brands (\$229m), predominantly Commercial brands, including Wolf Blass (acquired 1996), Yellowglen (acquired 1996), Lindeman's (acquired 2005), and Blossom Hill (acquired 2015). In F24, the contribution of these Commercial brands represented less than 5% of TWE Group's gross profit.

The changes to the carrying value assessment reflect moderated top-line expectations as a result of challenging market conditions for Commercial wine, across all markets, and the underperformance of TPB's brands relative to the category at these Commercial price points. These adverse trends have offset the benefits from TPB's strategic focus to premiumise its portfolio, where it has delivered a three-year NSR CAGR of 10% for its priority Premium brands, which include Wynn's, Pepperjack, Squealing Pig and 19 Crimes.

¹ TWE participates in three price segments: Luxury (A\$30+), Premium (A\$10-30) and Commercial (below A\$10). Segment price points are retail shelf prices.





F24 Group EBITs

TWE's unaudited EBITs before material items for F24 are expected to be \$658.1m, an increase of 12.8% on the pcp. Further details on trading performance will be provided as part of the full year results announcement.

The F24 full year results, which include the impairment, remain subject to review by TWE's external auditors, and review and approval by the TWE Board. The F24 full year results will be released on 15 August 2024.

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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