Strong Luxury portfolio momentum drives NSR and EBITS growth in F24

Announcement headlines

- Statutory NPAT $98.9m, down 61.1%, reflecting post-tax material items loss of $318.1m relating primarily to non-cash impairment of goodwill and Commercial brands within Treasury Premium Brands; NPAT, pre material items and SGARA, up 8.3%
- EBITS increased 12.8% to $658.1m driven by strong Luxury portfolio growth in Penfolds and Treasury Americas, including the 2H24 contribution from the acquisition of DAOU
- Excluding the contribution from DAOU, EBITS increased 6.4%, in line with the guidance for mid-high single digit organic EBITS growth in F24
- Group Luxury NSR increased 29.6% (14.5% organic growth), driven by outstanding execution and with consumer demand for Luxury wine remaining strong in TWE's key markets
- Re-establishment of Penfolds Australian COO portfolio in China is on track, with strong shipment demand from customers and initial depletions in line with expectations
- DAOU delivered 2H24 EBITS of US$24.7m, in line with guidance, with business integration underway and on track to deliver synergies of US$20m+ by the end of F26
- Following completion of the Premium brands operating model review, TWE intends to create a Global Premium division by 1 July 2025 through the combination of Treasury Premium Brands and Treasury Americas Premium portfolio brands, and seek to divest its Commercial brand portfolio
- TWE expects F25 EBITS to be delivered in the range of $780-810m, reflecting continued strong Luxury portfolio growth in Penfolds and Treasury Americas, with stability expected across the remainder of TWE's global brand portfolio[1]

Group financial summary

A$m (unless otherwise stated)	F24	% Chg. Reported	% Chg. Constant Currency	% Chg Organic[2]
Net Sales Revenue (NSR)	2,739.8	13.1%	10.7%	4.4%
NSR per case (A$)	125.2	14.2%	11.8%	8.1%
Earnings Before Interest, Tax, SGARA and Material items (EBITS)	658.1	12.8%	9.9%	3.6%
EBITS Margin	24.0%	(0.1)ppts	(0.2)ppts	(0.2)ppts
Net Profit After Tax	98.9	(61.1)%	(63.3)%	-
Earnings Per Share[3] (A$ cents)	12.7	(63.6)%	(65.6)%	-
Net Profit After Tax before Material Items and SGARA	407.5	8.3%	4.2%	-
Earnings Per Share before Material Items and SGARA[3] (A$ cents)	52.3	1.4%	(2.5)%	-

- NSR increased 13.1% to $2,739.8m with strong Luxury portfolio growth in Penfolds and Treasury Americas, which included the contribution from DAOU in 2H24, partly offset by lower sales in Treasury Premium Brands
- NSR per case increased 14.2% driven by the ongoing premiumisation of TWE's portfolio towards Luxury wine, which now represents approximately 50% of Group NSR
- Post-tax net material items loss $318.1m, relating to Treasury Premium Brands' impairment in addition to transaction and integration costs associated with the acquisition of DAOU
- NPAT pre-Material items and SGARA grew 8.3%, with EPS growth of 1.4% reflecting the single-half of earnings contribution for DAOU and the impact of increased shares on issue following the $825m equity raising to part fund the acquisition[4]
- ROCE[5] 10.9%, down 0.4ppt versus the pcp; excluding the impact from the acquisition of DAOU, ROCE was 12.0%
- Cash conversion 82.0%; excluding the change in non-current Luxury and Premium inventory, cash conversion was 94.6%
- Net Debt to EBITDAS 2.0x[6], inclusive of twelve months EBITDAS contribution for DAOU, up from 1.9x in the pcp, with further deleveraging expected in F25
- Final dividend of 19.0 cents per share declared, 70% franked; full year dividend of 36.0 cents per share, or 72% NPAT, a 16% increase in value on the pcp

Please refer to page 16 for note references. Unless otherwise stated, all figures and percentage movements within commentary are stated on a reported currency basis versus the prior corresponding period, are pre-SGARA and material items and are subject to rounding. 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

Performance overview

A$m	F24	% Chg. Reported	% Chg. Constant Currency	% Chg. Organic[2]
NSR				
Penfolds	1,000.5	22.1%	21.2%	-
Treasury Americas	1,002.3	22.1%	19.4%	0.6%
Treasury Premium Brands	737.0	(5.8)%	(8.9)%	-
Group	**2,739.8**	**13.1%**	**10.7%**	**4.4%**
Luxury (%NSR)	*48.8*	*6.2ppts*	*6.6ppts*	*3.5ppts*
Premium (%NSR)	*38.5*	*(4.0)ppts*	*(4.0)ppts*	*(1.7)ppts*
Commercial (%NSR)	*12.7*	*(2.3)ppts*	*(2.6)ppts*	*(1.9)ppts*
EBITS				
Penfolds	421.3	15.5%	16.1%	-
Treasury Americas	230.5	13.1%	8.4%	(9.2)%
Treasury Premium Brands	76.0	(7.0)%	(16.7)%	-
Corporate	(69.7)	(4.4)%	(3.3)%	-
Group	**658.1**	**12.8%**	**9.9%**	**3.6%**
EBITS Margin (%)	*24.0*	*(0.1)ppts*	*(0.2)ppts*	*(0.2)ppts*

- Penfolds reported a 15.5% increase in EBITS to $421.3m and an EBITS margin of 42.1% (down 2.4ppts). The result was driven by strong top-line growth across all portfolio tiers and price points, with the weighting of Bin & Icon portfolio shipments to 2H24 completed as planned. Momentum accelerated across the portfolio in Asia, particularly in Hong Kong, Thailand and Taiwan, in addition to the commencement of Australian COO portfolio shipments to China in 4Q24 following the removal of tariffs. The decline in EBITS margin reflected the step-up of entry-level Australian COO tier shipments and higher onshore overhead costs in China through 4Q24. On a constant currency basis, NSR and EBITS increased 21.2% and 16.1% respectively.

- Treasury Americas reported a 13.1% increase in EBITS to $230.5m and an EBITS margin of 23.0% (down 1.8ppts). The result was driven by the 2H24 contribution of DAOU and 14.1% NSR growth across Treasury Americas' other Luxury portfolio brands, supported by increased wine availability, particularly for Stags' Leap and Frank Family Vineyards. Across the remainder of Treasury Americas' brand portfolio, NSR declined 3.4%, driven by the 19 Crimes Modern tier, with the NSR for the 19 Crimes Classic tier stabilising to be modestly below the pcp. On an organic[2] basis, NSR was broadly in line with the pcp while EBITS declined 9.2%, with lower EBITS margin driven by higher COGS from the wildfire impacted 2020 Californian vintage, with improvement in 2H24 upon transition to the sale of the 2021 vintage.

- Treasury Premium Brands reported a 7.0% decline in EBITS to $76.0m and an EBITS margin of 10.3% (down 0.1ppts). The result was driven by reduced Premium and Commercial portfolio shipments, reflecting soft consumption trends in the below $15 (or equivalent) price points in addition to underperformance relative to the category, particularly in Australia and the UK through 2H24. Treasury Premium Brands' priority Premium brands maintained their positive momentum, with NSR up 4.6%, driven by 19 Crimes, Squealing Pig and Pepperjack. On a constant currency basis, NSR and EBITS decreased 8.9% and 16.7% respectively.

- Corporate costs increased 4.4%, reflecting general inflationary impacts.

Treasury Premium Brands impairment

Following the latest review of the carrying value of the Group's assets as part of its annual impairment testing process, TWE has recognised 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 Treasury Premium Brands division. This impairment has been 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 Wynns, Pepperjack, Squealing Pig and 19 Crimes.

Key areas of strategic focus

TWE provides the following update on its key areas of strategic focus:

Re-establishment of Penfolds Australian COO portfolio in China

Following the removal of tariffs on Australian wine imports into China, TWE immediately commenced re-establishment of the Penfolds Australian COO portfolio in China through 4Q24, with strong shipment demand from customers and initial depletions in line with expectations. With global demand for the Penfolds Bin & Icon portfolio expected to exceed availability in the near term, TWE has implemented price increases across a number of key Bin & Icon portfolio wines, effective from 1 July 2024. In addition, the record Luxury wine intake from the 2024 Australian vintage will support a significant step-up in availability of Bin & Icon portfolio wine from 2H26, with expansion of sourcing from future vintages a priority to support incremental portfolio availability and growth.

In F25, Penfolds expects to deliver low double-digit EBITS growth:

- Top-line growth driven by price increases and a modest increase in shipments for the Bin & Icon portfolio
- Partly offset by a step-up in brand building investment and overheads in China of approximately $20m ahead of increased Bin & Icon portfolio availability from F26
- EBITS margin is expected to improve to within the range of 43-45%

In F26 and F27, Penfolds will target annual EBITS growth of approximately 15% across both years, driven by the significant increase in availability for the Bin & Icon portfolio from the record 2024 Australian vintage intake, and will target EBITS margin delivery in line with its long-term target of 45%. TWE notes that the delivery of these long-term targets remains subject to a range of variable conditions: page 4 of this document provides important information regarding the risk factors relating to these targets.

Acquisition of DAOU and integration

In December 2023, TWE completed the acquisition of DAOU for an upfront consideration of US$900m. Following the acquisition, Treasury Americas is the leading Luxury wine business in the United States with a portfolio that includes DAOU, Stags' Leap, Beaulieu Vineyard, Frank Family Vineyards and Beringer.

The contribution of DAOU in 2H24 was in line with expectations, with NSR and EBITS of US$104.2m and US$24.7m respectively. Business integration is underway, with delivery of material production and overhead cost synergies of US$20m+ on track to be realised by the end of F26.

Over the medium-term, TWE expects average annual low double-digit NSR growth for DAOU, driven by:

- Continued growth, ahead of the Luxury category, for the higher volume Discovery and Journey tiers; and
- Accelerated growth in the ultra-Luxury tiers, supported by recently completed investments in Paso Robles vineyards and third-party sourcing footprint.

The acquisition is expected to be EPS accretive (pre-synergies) and mid to high single digit EPS accretive (pro forma for cost synergies of US$20m+) in F25, the first full year of ownership[7].

Future Premium Brands operating model and portfolio

As previously outlined, effective 1 July 2024, a new operating model has been implemented within Treasury Americas to enable a separate sales and marketing focus between the Luxury and Premium portfolios. In addition, from 1 July 2024, TWE has integrated its Global Revenue Growth function into the Treasury Premium Brands division, under the leadership of Angus Lilley, with the intention of reducing overlap and simplifying operations.

Following these changes, TWE intends to evolve this model further to create a Global Premium division, which will be the combination of Treasury Premium Brands and the Treasury Americas Premium portfolio brands[8]. Transition to this new model is expected by 1 July 2025.

TWE considers this model to be the optimal way to drive value from its Premium portfolio brands whilst continuing to leverage scale benefits across its global network. Expected benefits from the establishment of this new Global Premium division include:

- A globally focused Premium business with a streamlined operating model and more effective prioritisation of portfolio opportunities across key markets, including improved investment allocation enabled through consolidation and a global focus;
- The ability to execute and grow more effectively key global Premium brands, such as 19 Crimes, Matua and Squealing Pig, and global innovation opportunities; and
- Unlocking optionality for TWE to create additional future shareholder value through its global portfolio of Premium brands to support its Luxury-led growth strategy

As announced on 6 August 2024, TWE will seek to divest its Commercial brand portfolio, which includes Wolf Blass, Lindeman's, Yellowglen and Blossom Hill. In F24, these brands represented approximately one-third of the volume (7.1m 9le cases), 11% of the NSR ($303m) and less than 5% of the gross profit for the Group.

Future perspectives

In F25, TWE expects to deliver EBITS in the range of $780-810m, reflecting continued strong top-line Luxury portfolio growth in Penfolds and Treasury Americas, with stability expected across the remainder of TWE's global brand portfolios. Execution will be focused on three clear priorities:

- Continuing Penfolds well-established strategy of growing distribution and availability, and consumer demand, in key global markets in addition to its focus on re-establishing the Australian COO portfolio and investment in China ahead of increased Bin & Icon portfolio availability from F26;
- Driving Treasury Americas market-leading US Luxury platform to continue DAOU's strong growth momentum and to deliver growth across the remainder of the Luxury portfolio brands, supported by a double digit increase in portfolio availability; and
- Improving the execution focus and operating performance of the Premium brand portfolios within Treasury Premium Brands and Treasury Americas ahead of transition to the Global Premium division in F26.

On today's announcement, TWE's Chief Executive Officer, Tim Ford commented:

"Our fiscal 2024 performance reflects the excellent momentum we continue to build behind our Luxury brand portfolios in Penfolds and Treasury Americas, which now represent over 75% of Group EBITS. These two outstanding Luxury wine platforms have very clear strategic direction and execution priorities, and we have great confidence in both as strong drivers of long-term growth for Treasury Wine Estates. In relation to our Premium brands, we are focused on improving the performance of this global portfolio to deliver greater value to TWE overall, with implementing key changes to enable the evolution to the new Global Premium division a key focus through F25."

Important Information

This announcement is in summary form and is not necessarily complete. It should be read together with the Company's Annual Report for 30 June 2024 and other announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

This announcement contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. The Company cautions against reliance on any forward-looking statements, particularly in light of:

- Changing conditions in TWE's key markets including China;
- Changes in economic conditions which impact consumer demand;

- Changes to TWE's production cost base, including impact of inflation;
- Global difficulties in logistics and supply chains;
- Risks in relation to the acquisition of DAOU;
- Foreign exchange rate impacts given the global nature of the business;
- Vintage variations; and
- The Company's continuing exposure to geopolitical risks.

While the Company has prepared this information with due care based on its current knowledge and understanding and in good faith, there are risks, uncertainties and other factors beyond the Company's control which could cause results to differ from projections. The Company will not be liable for the accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections. The Company undertakes no obligation to update any forward-looking statement after the date of this presentation, subject to disclosure obligations.

Conference call

Treasury Wine Estates will host an investor and analyst webcast and conference call commencing at 10:00am AEST on 15 August 2024. Links to register are provided below. A replay of the presentation will also be available on the website www.tweglobal.com from approximately 1:00pm AEST.

Conference call registration

https://s1.c-conf.com/diamondpass/10040392-dg7t65.html

Webcast registration

https://edge.media-server.com/mmc/p/n8wkngfa

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.

Contacts / further information

Investors	**Media**
Bijan Taghian	Ellie Hewitt
Tel: +61 3 8533 3568	Tel: +61 3 8533 3493
Mob: +61 433 173 664	Mob: +61 429 678 771

Profit and Loss

$Am (unless otherwise stated)	F24	Reported Currency F23	Reported Currency Change	Constant Currency F23	Constant Currency Change
Volume (m 9Le cases)	21.9	22.1	(1.0)%	22.1	(1.0)%
Net sales revenue	2,739.8	2,423.0	13.1%	2,473.9	10.7%
NSR per case ($)	*125.2*	*109.7*	*14.2%*	*112.0*	*11.8%*
Other Revenue	68.5	65.3	4.9%	73.4	(6.7)%
Cost of goods sold	(1,566.1)	(1,372.6)	(14.1)%	(1,403.6)	(11.6)%
Cost of goods sold per case ($)	*71.6*	*62.1*	*(15.2)%*	*63.5*	*(12.7)%*
Gross profit	1,242.2	1,115.7	11.3%	1,143.7	8.6%
Gross profit margin (% of NSR)	*45.3%*	*46.0%*	*(0.7)ppts*	*46.2%*	*(0.9)ppts*
Cost of doing business	(584.1)	(532.2)	(9.7)%	(544.7)	(7.2)%
Cost of doing business margin (% of NSR)	*21.3%*	*22.0%*	*0.6ppts*	*22.0%*	*0.7ppts*
EBITS (before material items)	**658.1**	**583.5**	**12.8%**	**599.0**	**9.9%**
EBITS margin (%)	*24.0%*	*24.1%*	*(0.1)ppts*	*24.2%*	*(0.2)ppts*
SGARA	10.9	(64.5)	NM	(64.7)	NM
EBIT (before material items)	**669.0**	**518.9**	**28.9%**	**534.3**	**25.2%**
Net finance costs	(96.6)	(72.7)	(32.9)%	(73.8)	(30.8)%
Tax expense	(155.4)	(115.9)	(34.1)%	(115.5)	(34.5%)
Net profit after tax (before material items)	**417.0**	**330.2**	**26.3%**	344.9	**20.9%**
Material items (after tax)	(318.1)	(76.0)	NM	(75.9)	NM
Net profit after tax	**98.9**	**254.5**	**(61.1)%**	**269.2**	**(63.3)%**
Reported EPS[3] (A¢)	12.7	34.9	(63.6)%	36.9	(65.6)%
Net profit after tax (before material items and SGARA)	**407.5**	**376.1**	**8.3%**	**390.9**	**4.2%**
EPS (before material items and SGARA)[3] (A¢)	52.3	51.6	1.4%	53.6	(2.5)%
Weighted average no. of shares (m)	778.8	728.7	6.9%	728.7	6.9%
Dividend (A¢)	36.0	35.0	2.9%	35.0	2.9%

NSR increased 10.7% with strong Luxury portfolio growth from Penfolds and Treasury Americas, which included the contribution from DAOU in 2H24, partly offset by lower Premium shipments in Treasury Americas and lower Commercial and Premium shipments in Treasury Premium Brands

NSR per case increased 11.8% driven by ongoing premiumisation of TWE's portfolio mix towards Luxury wine, accelerated by the acquisition of DAOU, with the contribution of the Luxury portfolio approximately 50% of Group NSR (up 6.6ppts versus the pcp)

COGS per case increased 12.7% as a result of portfolio mix and the sell-through of higher cost vintages in all divisions

CODB increased 7.2% driven by the acquisition of DAOU and the investment in brand building and overheads to support the re-establishment of Penfolds Australian COO portfolio in China

SGARA gain reflects increased intake from the 2023 Californian vintage, partly offset by deliberate reduction of Commercial and Premium intake from the 2024 Australian vintage and lower market grape pricing in Australia

Net finance costs increased 30.8%, driven by higher interest rates on higher average net debt following the acquisition of DAOU

Tax expense increased 34.5% reflecting higher statutory earnings; effective tax rate (before material items) was 27.2%

Material Items A post-tax net material items loss of $318.1m has been recognised, which primarily relates to the Treasury Premium Brands' non-cash impairment in addition to transaction and integration costs associated with the acquisition of DAOU

EPS (before SGARA and material items) decreased 2.5% to 52.3 cents per share. Statutory EPS decreased 65.6% to 12.7 cents per share

Unless otherwise stated, all figures and percentage movements within commentary are stated on a constant currency basis versus the prior corresponding period, are pre-SGARA and material items and are subject to rounding. NPAT and EPS exclude earnings attributable to non controlling interests

Divisional Performance Overview

Penfolds

A$m (unless otherwise stated)	F24	Reported Currency F23	Reported Currency %	Constant currency F23	Constant currency %
Volume (m 9Le)	**3.0**	**2.3**	**30.4%**	**2.3**	**30.4%**
NSR (A$m)	**1,000.5**	**819.7**	**22.1%**	**825.3**	**21.2%**
ANZ	255.8	235.9	8.5%	235.9	8.4%
Asia	629.6	467.4	34.7%	466.8	34.9%
Americas	48.2	51.5	(6.4)%	52.6	(8.3)%
EMEA	66.9	65.0	2.9%	70.0	(4.4)%
NSR per case (A$)	*331.7*	*354.4*	*(6.4)%*	*356.8*	*(7.0)%*
EBITS (A$m)	**421.3**	**364.7**	**15.5%**	**363.0**	**16.1%**
EBITS margin (%)	*42.1%*	*44.5%*	*(2.4)ppts*	*44.0%*	*(1.9)ppts*

Financial performance

Volume and **NSR** increased 30.4% and 21.2% respectively, driven by:

- Strong top-line growth across all portfolio tiers and price points, with the weighting of Bin & Icon portfolio shipments to 2H24 completed as planned
- Continued strong momentum across the portfolio in Asia, particularly in Hong Kong, Thailand and Taiwan, in addition to the commencement of Australian COO portfolio shipments to China in 4Q24
- Continued gains in Australia, with strong performance in key retail accounts and the DTC channel
- Modest declines in EMEA and the Americas, which reflect the re-allocation of a portion of the Bin & Icon portfolio to support re-building distribution in China

NSR per case decreased 7.0% driven by portfolio mix from strong growth in the entry level Luxury tiers

COGS per case[9] increased 4.4% reflecting the sell-through of the higher cost 2020 and 2021 Australian vintages in F24 and one-off costs related to re-work of product labelling for the China market

CODB[9] increased 9.2%, driven by investment through 4Q24 to support the re-establishment of Penfolds Australian COO portfolio in China

EBITS increased 16.1% to $421.3m and EBITS margin reduced 1.9ppts to 42.1%, with the decline in EBITS margin reflecting the re-establishment of entry-level Australian COO Luxury tiers and higher onshore overhead costs in China through 4Q24

Division insights

- Key F24 execution highlights include:
  - Commencing re-establishment of the Australian COO portfolio in China, with strong shipment demand from customers and initial depletions in line with expectations
  - Finalisation of price increases for a number of key portfolio wines across the global customer base, which were effective from 1 July 2024. On a weighted average basis, Penfolds Bin & Icon portfolio price has increased by approximately 6%
  - Record Luxury wine intake from the 2024 Australian vintage, which will support a significant step-up in availability for the Bin & Icon portfolio from 2H26
- Penfolds expects to deliver low double-digit EBITS growth in F25, reflecting:
  - Top-line growth for the Bin & Icon portfolio, including the benefit of price increases
  - Partly offset by a step-up in brand building investment and overheads in China of approximately $20m ahead of increased Bin & Icon portfolio availability from F26
  - EBITS margin is expected to improve to within the range of 43-45%
- In F26 and F27, Penfolds will target:
  - Annual EBITS growth of approximately 15% across both years, driven by the significant increase in availability for the Bin & Icon portfolio from the record 2024 Australian vintage intake
  - EBITS margin delivery in line with its long-term target of 45%
  - TWE notes that the delivery of these long-term targets remains subject to a range of variable conditions: page 4 of this document provides important information regarding the risk factors relating to these targets

Unless otherwise stated, all figures and percentage movements within commentary are stated on a constant currency basis versus the prior corresponding period, are pre-SGARA and material items and are subject to rounding.

Divisional Performance Overview

Treasury Americas

	Reported Currency			Constant Currency		
A$m (unless otherwise stated)	**F24**	**F23**	**%**	**F23**	**%**	**% Organic[2]**
Volume (m 9Le)	**6.0**	**5.5**	**9.7%**	**5.5**	**9.7%**	**(0.5)%**
NSR	**1,002.3**	**820.8**	**22.1%**	**839.4**	**19.4%**	**0.6%**
ANZ	-	-	-	-	-	-
Asia	-	-	-	-	-	-
Americas	1,002.3	820.8	22.1%	839.4	19.4%	0.6%
EMEA	-	-	-	-	-	-
NSR per case (A$)	*167.0*	*150.0*	*11.3%*	*153.4*	*8.9%*	*1.1%*
EBITS	**230.5**	**203.9**	**13.1%**	**212.7**	**8.4%**	**(9.2)%**
EBITS margin (%)	*23.0%*	*24.8%*	*(1.8)ppts*	*25.3%*	*(2.3)ppts*	*(2.5)ppts*

Financial performance

Volume and **NSR** increased 9.7% and 19.4% respectively, driven by:

- The contribution from the acquired DAOU portfolio in 2H24
- Organic Luxury portfolio NSR growth of 11.4% supported by increased wine availability, particularly for Stags' Leap and Frank Family Vineyards
- Partly offset by the 5.5% decline in NSR for the remainder of the Treasury Americas portfolio, driven by the 19 Crimes Modern tier innovations that were released in F23
- Depletions exceeded shipments by 0.2m cases in F24, driven by distributor inventory de-load across some Premium portfolio brands

NSR per case increased 8.9% reflecting portfolio mix, with Luxury portfolio contribution post the acquisition of DAOU now over 50% of divisional NSR

COGS per case increased 11.0% reflecting portfolio mix and the sell through of the wildfire impacted 2020 California Luxury vintage, with COGS improving in 2H24 upon transition to the sale of the 2021 vintage

CODB increased 28.4%, driven by the acquisition of DAOU

EBITS increased 8.4% to $230.5m, with EBITS margin decreasing 2.3ppts to 23.0%

Division insights

- Key F24 execution highlights include:
  - Luxury portfolio NSR growth, with increased availability and improved breadth and quality of distribution driving strong momentum
  - Continued strong growth for DAOU, which grew NSR 21% to $332.5m in F24 versus the pcp. The 2H24 contribution was in line with expectations, with NSR and EBITS of US$104.2m and US$24.7m respectively
  - Re-design of Treasury Americas operating model to separate sales and marketing focus between its Luxury and Premium portfolios, effective from 1 July 2024, and a revised distributor model focused on enhanced partnerships
  - Stabilisation of the 19 Crimes Classic portfolio (NSR modestly below the pcp), with key marketing activations continuing into F25 expected to support top-line stability
- DAOU business integration is underway, with material production and overhead cost synergies of US$20m+ progressing and on track to be realised by the end of F26
- In F25, Treasury Americas is focused on the following priorities:
  - Completing integration and continuing the strong growth momentum for DAOU
  - Delivering growth across the other Luxury portfolio brands, supported by a double-digit increase in portfolio availability
  - Delivering stability across the remaining portfolio brands
- EBITS delivery is expected to be balanced across F25, reflecting business seasonality and the realisation of DAOU acquisition synergies, with EBITS margin expected to improve towards the long-term target in the high-20% range

Unless otherwise stated, all figures and percentage movements within commentary are stated on a constant currency basis versus the prior corresponding period, are pre-SGARA and material items and are subject to rounding.

Divisional Performance Overview

Treasury Premium Brands

		Reported Currency		Constant currency	
A$m (unless otherwise stated)	**F24**	**F23**	**%**	**F23**	**%**
Volume (m 9Le)	**12.9**	**14.3**	**(10.1)%**	**14.3**	**(10.1)%**
NSR	**737.0**	**782.4**	**(5.8)%**	**809.3**	**(8.9)%**
ANZ	345.7	367.2	(5.9)%	367.6	(6.0)%
Asia	49.4	73.0	(32.3)%	74.4	(33.6)%
Americas	27.0	27.4	(1.6)%	28.1	(4.0)%
EMEA	314.9	314.8	0.0%	339.2	(7.2)%
NSR per case (A$)	*57.3*	*54.7*	*4.7%*	*56.6*	*1.3%*
EBITS	**76.0**	**81.7**	**(7.0)%**	**91.3**	**(16.7)%**
EBITS margin (%)	*10.3%*	*10.4%*	*(0.1)ppts*	*11.3%*	*(1.0)ppts*

Financial performance

Volume and **NSR** declined 10.1% and 8.9% respectively driven by

- Double-digit declines in Commercial shipments and reduced Premium shipments, reflecting soft consumption trends in the below $15 price points in addition to underperformance relative to the category, particularly in Australia and the UK through 2H24
- Reduced shipments to Asia reflect the re-alignment of inventory levels to trend depletion rates

NSR per case increased 1.3% reflecting portfolio mix

COGS per case increased 3.5% driven by portfolio mix, with benefits from the organisational supply chain optimisation initiatives implemented in 4Q23 reducing the impact to COGS from lower sales volumes

CODB improved 12.7%, reflecting the re-alignment of brand investment with reduced divisional volume and the gain of $10.5m on sale from the divestment of vineyard assets (of which $9.7m was recognised in 1H24)

EBITS decreased 16.7% to $76.0m and EBITS margin declined 1.0ppt to 10.3%

Division insights

- Key F24 execution highlights include:
  - Priority Premium brand focus continues to drive momentum, with the portfolio remaining in growth, driven by 19 Crimes, Squealing Pig and Pepperjack
  - Re-launch of Treasury Premium Brands' Australian COO portfolio in China with an initial focus on Rawson's Retreat
  - Innovation behind core brands continues to drive growth with expansion of the Low-no alcohol portfolio and new packaging formats both highlights
- Trading conditions are expected to remain consistent throughout Treasury Premium Brands' key markets in F25, supporting top-line stability and the delivery of EBITS (excluding the one-off benefit of asset sales in F24) broadly in line with the pcp[1]

Unless otherwise stated, all figures and percentage movements within commentary are stated on a constant currency basis versus the prior corresponding period, are pre-SGARA and material items and are subject to rounding.

Balance Sheet (condensed)

A$m	F24 30-Jun-24	F23 30-Jun-23
Cash & cash equivalents	458.1	565.8
Receivables	694.9	612.9
Current inventories	1,020.5	990.3
Non-current inventories	1,339.1	1,175.3
Property, plant & equipment	1,816.1	1,576.8
Right of use lease assets	360.8	389.7
Agricultural assets	50.4	44.8
Intangibles	2,182.8	1,426.7
Tax assets	128.6	53.3
Assets held for sale	13.6	32.9
Other assets	47.9	85.2
Total assets	**8,112.8**	**6,953.7**
Payables	792.1	709.7
Interest bearing debt	1,645.2	1,388.6
Lease liabilities	513.3	548.9
Tax liabilities	364.6	264.3
Provisions	79.5	106.7
Other liabilities	107.3	56.8
Total liabilities	**3,501.9**	**3,074.8**
Net assets	**4,610.9**	**3,878.9**

Net assets increased $732.0m to $4,610.9m at 30 June 2024. Adjusting for foreign exchange rate movements, net assets increased by $754.4m, driven by the acquisition of DAOU

Working capital increased $193.7m to $2,262.4m, of which $133.0m is attributable to the acquisition of DAOU. Excluding DAOU, working capital increased by $60.7m driven by higher **Receivables,** reflecting NSR growth, and higher **Inventory**

Inventory increased $194.0m to $2,359.6m:

- Current inventory increased $30.2m to $1,020.5m,
- Non-current inventory increased $163.8m to $1,339.1, driven by the acquisition of DAOU and strong Luxury intakes in Australia and California
- Total Luxury inventory increased 29% to $1,584m, excluding DAOU, Luxury inventory increased 14%

Property, Plant & Equipment increased $239.3m following the acquisition of DAOU and the purchase of a vineyard in Marlborough, New Zealand

Intangible assets increased $756.1m, driven by the acquisition of DAOU and partly offset by the impairment of goodwill and Commercial brands in Treasury Premium Brands

Assets held for sale declined $19.3m following the disposal of surplus supply chain assets in Australia

Net Borrowings[10] (including Lease Liabilities) increased $328.7m, with interest bearing debt increasing by $256.6m following the acquisition of DAOU

Net debt to EBITDAS 2.0x[6], from 1.9x at 30 June 2023, following the acquisition of DAOU, with further deleveraging expected in F25

Funding structure includes committed debt facilities totalling $2.4bn, of which $1.7bn were drawn at 30 June 2024. The weighted average term to maturity of committed debt facilities was 4.6 years, up 1.1 years following refinancing of the Group's bilateral and syndicated bank facilities in 2H24. Total liquidity, comprising cash and committed undrawn debt facilities, totalled $1.2bn at 30 June 2024

ROCE[5] 10.9%, down 0.4ppts versus the pcp; excluding the impact from the acquisition of DAOU, ROCE was 12.0%

Unless otherwise stated, balance sheet percentage or dollar movements are from 30 June 2023 and on a reported currency basis.

Cash flow – reconciliation of net debt

A$m	F24	F23
EBITDAS	**813.3**	**730.8**
Change in working capital	(138.5)	(274.9)
Other items	(8.3)	(12.8)
Net operating cash flows before financing costs, tax & material items	**666.5**	**443.1**
Cash conversion[11]	82.0%	60.6%
Payments for capital expenditure[12]	(190.1)	(141.2)
Payments for subsidiaries	(1,204.6)	(55.8)
Proceeds from sale of assets	53.9	22.7
Cash flows after net capital expenditure, before financing costs, tax & material items	**(674.2)**	**268.8**
Finance costs paid	(111.1)	(73.8)
Tax paid	(31.2)	(69.8)
Cash flows before dividends & material items	**(816.5)**	**125.3**
Dividends/distribution paid	(260.6)	(245.4)
Cash flows after dividends before material items	**(1,077.1)**	**(120.2)**
Material item cash flows	(71.7)	34.5
On-market share purchases	(5.3)	(21.9)
Issue of shares, less transaction costs	807.0	-
Proceeds from settlement of currency swaps and other derivatives	19.4	-
Total cash flows from activities (before debt)	**(327.7)**	**(107.6)**
Net proceeds from borrowings	222.5	240.1
Total cash flows from activities	**(105.2)**	**132.4**
Opening net debt	**(1,386.2)**	**(1,254.3)**
Total cash flows from activities (above)	(327.7)	(107.6)
Lease liability additions	(27.1)	(27.9)
Lease Liability disposed	-	44.0
Debt revaluation and foreign exchange movements	28.5	(40.4)
(Increase) / Decrease in net debt	**(326.3)**	**(131.9)**
Closing net debt[13]	**(1,712.5)**	**(1,386.2)**

Cash conversion 82.0%; excluding the change in non-current Luxury and Premium inventory, cash conversion was 94.6%. The re-commencement of shipments to China in 4Q24, where there was a high proportion of cash sales, contributed to the stronger than expected cash conversion outcome. In F25, TWE expects full year cash conversion to be approximately 80%, excluding the change in non-current Luxury and Premium inventory, reflecting underlying growth and a moderation in the proportion of sales to China that are on cash terms

Capital expenditure (capex) of $190.1m includes maintenance and replacement capex of $100.7m, and growth capex of $75.2m including the purchase of a vineyard in Marlborough, New Zealand. Capex related to DAOU totalled $14.2m. Ongoing expectation for maintenance and replacement capex of approximately $100m per financial year with up to $50m of growth investment expected in F25

Investments in subsidiaries of $1,204.6m is driven by the acquisition of DAOU in December 2023

Sale of assets of $53.9m relates to the disposal of surplus supply chain assets in Australia

Issue of shares of $807.0m, net of transaction costs reflects the $825m renounceable rights issue to fund the acquisition of DAOU

Material item cash flow includes transaction costs for DAOU and costs associated with the Treasury Premium Brands operating model changes and restructuring of the Australian Commercial wine supply chain which were implemented in 4Q23

Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis.

Supply update

The Supply update replaces the Vintage update included previously in this disclosure. The update will focus on the result of the vintage completed in the most recent half year, Southern hemisphere vintage outcome at the full year and the Northern hemisphere vintage outcome in the interim report.

Australia

Vintage conditions varied across regions and TWE's sourcing strategy, focused on premium and luxury wines and sourcing grapes from several established and climatically diverse inland regions such as Barossa Valley, McLaren Vale, and Coonawarra, has proven successful once again.

By anticipating the Chinese market's reopening and acting swiftly, TWE supplemented existing sourcing by securing access to new fruit and wine supplies, positioning ourselves to meet the rising demand for our Luxury portfolio.

The exceptional quality of fruit from these regions resulted in record intakes for TWE's luxury wines, particularly Penfolds. This achievement reflects a combination of factors: a strong and diverse sourcing network, valuable winery assets in the luxury segment, and the outstanding execution of TWE's Australian supply team ensuring a significant step-up in availability for Luxury wine from 2H26. Premium and Commercial fruit intake was reduced to align the inventory position to an optimised level.

New Zealand

The 2024 New Zealand harvest delivered intake to support TWE's growth objectives, particularly for Treasury Americas.

Recognising the seasonal variability in Marlborough weather patterns and committed to proactive portfolio management, TWE made a strategic acquisition in 2024: the Weta Vineyard. This expansion adds 245 hectares of prime Marlborough grapes to our portfolio, bolstering our long-term supply security. With this increased diversification, we are well-positioned to navigate future fluctuations and mitigate any resulting supply-demand imbalances.

Definitions

Term	Definition
9Le	9 litre equivalent case
Cash conversion*	Net operating cash flows before financing costs, tax and material items divided by EBITDAS
CFX	Constant foreign exchange rates
COO	Country of origin
CODB*	Cost of doing business. Gross profit less EBITS. Excludes non-cash items as well as tax, the cost of the Group's capital structure and non-operating transactions as a measure of underlying operational costs
COGS*	Cost of goods sold
Commercial wine	Wine that is sold at a retail shelf price below A$10 (or equivalent) per bottle
EPS*	Earnings per share
EBITDAS*	Earnings before interest, tax, depreciation, amortisation, material items and SGARA
EBITS*	Earnings before interest, tax, material items and SGARA
EBITS margin*	EBITS divided by Net sales revenue
Exchange rates	Average exchange rates used for profit and loss purposes in F24: AUD/USD 0.6558 (F23: AUD/USD 0.6732), AUD/GBP 0.5206 (F23: AUD/GBP 0.5594) Period end exchange rates used for balance sheet items in F24: AUD/USD 0.6646 (F23: AUD/USD 0.6620), AUD/GBP 0.5258 (F23: AUD/GBP 0.5249)
Luxury wine	Wine that is sold at a retail shelf price above A$30 (or equivalent) per bottle
Material items*	Items of income or expense which have been determined as being sufficiently significant by their size, nature or incidence and are disclosed separately to assist in understanding the Group's financial performance
Net Debt to EBITDAS*	Ratio of Net Debt to EBITDAS, includes capitalised leases per *AASB 16 Leases*
Net Operating Cashflow*	Operating cash flow before finance costs, tax and material items
NPAT	Net profit after tax
NSR	Net sales revenue
Premium wine	Wine that is sold at a retail shelf price between A$10 and A$30 (or equivalent) per bottle
ROCE*	Return on Capital Employed. EBITS divided by Capital Employed (at constant currency). Capital Employed is the sum of average net assets (adjusted for SGARA) and average net debt
SGARA	Self-generating and re-generating assets. SGARA represents the difference between the fair value of harvested grapes (as determined under AASB 141 Agriculture) and the cost of harvest. The fair value gain or loss is excluded from Management EBITS so that earnings can be assessed based on the cost of harvested grapes, rather than their fair value. This approach results in a better reflection of the true nature of TWE's consumer branded and FMCG business and improved comparability with domestic and global peers.

* Non-IFRS measure

Appendix 1: DAOU F24 metrics

The F24 metrics of DAOU, acquired 12 December 2023, are summarised below:

Metric	2H24	F24
Volume (m 9le)	0.6	1.2
NSR (A$m)	158.0	332.5
EBITS (A$m)	37.4	95.3

TWE's 2H24 result also included DAOU's contribution between 12 December 2023 and 31 December 2023, which was immaterial. Note that the F24 metrics include those from 1H24, prior to acquisition by TWE, which are not recognised within TWE's F24 results.

Appendix 2: Reconciliation of key performance measures

Metric (A$m unless otherwise stated)	Management calculation	F24	F23
EBITS	Statutory net profit	98.9	254.3
	Income tax expense	69.3	82.8
	Net finance costs	96.6	72.7
	Material items (gain) / loss	404.2	109.2
	SGARA (gain) / loss	(10.9)	64.5
	EBITS	**658.1**	**583.5**
EBITDAS	EBITS	658.1	583.5
	Depreciation & Amortisation	155.2	147.3
	EBITDAS	**813.3**	**730.8**
EPS[3,14]	Statutory net profit	98.9	254.5
	Material items (gain) / loss	404.2	109.2
	Tax on material items	(86.1)	(33.2)
	SGARA	(10.9)	64.5
	Tax on SGARA	1.4	(18.9)
	NPAT (before material items & SGARA)	**407.5**	**376.1**
	Weighted average number of shares (millions)	778.8	728.7
	EPS (cents)	**52.3**	**51.6**
ROCE[5]	EBITS (LTM)[15]	716.0	583.5
	Net assets	4,610.9	3,878.9
	Add: TPB impairment	289.8	-
	SGARA in inventory	(43.5)	(37.8)
	Net debt	1,712.5	1,386.2
	Capital employed – Current year	**6,569.7**	**5,227.4**
	Net assets (CFX)	4,782.3	3,875.7
	SGARA in inventory (CFX)	(37.8)	(44.9)
	Net debt (CFX)	1,827.1	1,285.2
	Capital employed – Prior year (CFX)[16]	**6,571.6**	**5,116.0**
	Average capital employed	6,570.7	5,171.7
	ROCE	**10.9%**	**11.3%**

Notes

1 F25 expectations exclude any impact from potential divestment of the Commercial brand portfolio

2 On a constant currency basis, excluding the contribution of DAOU in Treasury Americas. Refer to Appendix 1 for details

3 Earnings per share for the year ended 30 June 2023 has been restated, in accordance with *AASB 133*, for the dilutive effects of the rights issue executed during the current financial year to ensure consistency period on period. Refer to Note 7 of the financial statements within the 2024 Annual Report for details

4 NPAT and EPS exclude earnings attributable to non-controlling interests.

5 Capital employed excludes the impact of the Treasury Premium Brands impairment in all ROCE metrics stated throughout this document

6 Net debt to EBITDAS includes capitalised leases in accordance with *AASB 16 Leases*. F24 includes last twelve months EBITDAS of DAOU

7 Excludes any non-cash financing charge associated with the accounting recognition of the contingent earn-out liability (to the extent relevant) or any one-off transaction or integration costs (including those required to deliver synergies). Based on post entitlement offer and placement shares issued to the vendors of DAOU.

8 Includes remaining Commercial segment brands sold in Treasury Premium Brands and Treasury Americas

9 The movement in COGS and CODB exclude duties and taxes received from customers and paid to Chinese tax authorities under TWE's China domestic business model, which are equal and offsetting

10 Interest bearing debt *includes* fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of US Private Placement notes: F24 $(20.1)m, F23 $(20.3)m

11 Excludes changes in working capital related to the initial recognition of DAOU balances

12 Capital expenditure is net of proceeds from the disposal of lease assets: in F23 TWE purchased $133.3m of vineyards from existing long-term lease arrangements, of which $25.4m was retained and the remainder disposed

13 Net debt *excludes* fair value adjustments related to derivatives in a fair value hedge relationship on a portion of US Private Placement notes: F24 $(20.1)m, F23 $(20.3)m

14 Excludes earnings attributable to non-controlling interests

15 Includes 1H24 DAOU EBITS, prior to acquisition by TWE

16 F24 Capital employed – Prior year (CFX) includes adjustment to net assets and debt for the acquisition of DAOU to be on a consistent basis