



TREASURY WINE ESTATES

17 February 2021

ASX ANNOUNCEMENT

Appendix 4D and 2021 Interim Results

Treasury Wine Estates Ltd (ASX:TWE) has today released its interim financial statements for the half year ended 31 December 2020. Attached to this announcement are the Appendix 4D and half year financial statements.

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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Appendix 4D

Treasury Wine Estates Limited

For the half year ended 31 December 2020

ABN 24 004 373 862

1. Results for announcement to the market

Key information	Half year ended 31 December 2020 \$M	Half year ended 31 December 2019 \$M	% Change increase / (decrease)	Amount increase / (decrease) \$M
Revenue from ordinary activities	1,424.2	1,551.2	(8.2%)	(127.0)
Profit from ordinary activities after tax attributable to members of Treasury Wine Estates Limited	120.9	211.4	(42.8%)	(90.5)
Net profit for the period attributable to members of Treasury Wine Estates Limited	120.9	211.4	(42.8%)	(90.5)
Earnings before interest, tax, SGARA and material items	284.1	366.7	(22.5%)	(82.6)

Earnings per share	Half year ended 31 December 2020 Cents per share	Half year ended 31 December 2019 Cents per share
Basic earnings per share	16.8	29.4
Basic earnings per share, adjusted to exclude SGARA and material items	24.3	31.9

2. Dividends

On 17 February 2021, the Board determined to pay an interim dividend of 15 cents per share in respect of the half year ended 31 December 2020. Accordingly this dividend is not provided for in the balance sheet as at 31 December 2020. The record date for determining an entitlement to receipt of the interim dividend is 4 March 2021 (AEDT) and the dividend is expected to be paid on 1 April 2021.

The Company's Dividend Reinvestment Plan will be in operation for the interim dividend. The last date for receipt of election notices for participation in the Dividend Reinvestment Plan is 5 March 2021 (AEDT).

Dividends	Cents per share	Franking %
Interim dividend – half year ended 31 December 2020 (determined subsequent to balance date)	15.0	100
Final dividend – year ended 30 June 2020	8.0	100
Interim dividend – half year ended 31 December 2019	20.0	100

Appendix 4D

Treasury Wine Estates Limited

For the half year ended 31 December 2020

ABN 24 004 373 862

3. Financial statements

Please refer to pages 4 through 26 of this report wherein the following are provided:

- Directors' Report;
- Auditor's independence declaration;
- Consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2020;
- Consolidated statement of financial position as at 31 December 2020;
- Consolidated statement of changes in equity for the half year ended 31 December 2020;
- Consolidated statement of cash flows for the half year ended 31 December 2020;
- Notes to the consolidated financial statements;
- Directors' Declaration; and
- Independent auditor's review report for the half year ended 31 December 2020.

4. Net tangible asset backing

Net tangible asset backing per ordinary share	As at 31 December 2020 \$	As at 31 December 2019 \$
Net tangible asset backing per ordinary share	3.26	3.32

5. Associates and joint ventures

Investments in Associates and Joint Ventures	As at 31 December 2020 \$M	As at 31 December 2019 \$M
Investments accounted for using the equity method	2.5	2.5
Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting. The Group holds a 50 percent investment in Fiddlesticks LLC, a company incorporated in the United States of America. The percentage ownership at 31 December 2020 is consistent with the prior period.		

Appendix 4D
Treasury Wine Estates Limited
For the half year ended 31 December 2020
ABN 24 004 373 862

6. Further information

Additional Appendix 4D disclosure requirements can be found in the notes to the half-year financial report, the half year Directors' Report and the ASX announcement lodged on 17 February 2021.

Further information can be obtained from:

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DIRECTORS' REPORT

Treasury Wine Estates Limited

Directors' report

For the half year ended 31 December 2020

The Directors present their report on the consolidated entity ("the Group") comprising Treasury Wine Estates Limited ("the Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2020.

DIRECTORS

The members of the Board of Directors of Treasury Wine Estates Limited who held office during the half year and as at the date of this report are as follows:

Paul Rayner (Chairman)
Tim Ford (Chief Executive Officer)
Ed Chan
Louisa Cheang
Warwick Every-Burns
Garry Hounsell
Colleen Jay
Antonia Korsanos
Lauri Shanahan

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period involved the production, marketing and sale of wine.

OPERATING AND FINANCIAL REVIEW

Financial information in the Operating and Financial Review is based on the reviewed 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 performance of the business and make decisions on the allocation of our resources.

A full review of operations of the Group during the half year is contained in the Australian Securities Exchange announcement dated 17 February 2021.

Throughout this review, constant currency assumes current and prior period earnings of foreign operations are translated and cross border transactions are transacted at current year exchange rates.

Net profit after tax attributable to members of Treasury Wine Estates Limited for the half year ended 31 December 2020 was \$120.9 million (2019: \$211.4 million), and reported earnings per share was 16.8 cents per share (2019: 29.4 cents per share).

Net sales revenue (NSR) decreased to \$1,410.0 million (2019: \$1,536.1 million), a decrease of 8.2% on a reported currency basis and a decrease of 5.9% on a constant currency basis compared to 31 December 2019. NSR declined 5.9% due to the ongoing impact of COVID-19 disruptions in key sales channels for luxury wine, the impact of the MOFCOM investigations in China and the proactive reduction of commercial volume in the US. The decline was partly offset by strong performance in retail and e-commerce channels in the Americas, ANZ and EMEA.

Earnings before interest, tax, SGARA and material items ("EBITS") of \$284.1 million (2019: \$366.7 million) is down by 22.5% on a reported currency basis. On a constant currency basis, EBITs decreased by 21.6%. The Group's EBITs margin reduced by 3.8 ppts on a reported currency basis to 20.1% in the half year ended 31 December 2020. This is principally driven by continued impacts of COVID-19 disruptions to key sales channels for higher margin, luxury wine in the Americas, Asia and ANZ; higher Cost of Goods Sold on Australian sourced commercial and masstige wine; and reduced shipments in China due to the MOFCOM investigations.

Cost of doing business (Gross Profit less EBITs) decreased to \$276.1 million, an improvement of 12.8% on a reported currency basis, principally driven by the new US sales and marketing model and organisational structure implemented in F20, and alignment of brand investment to sales volume in Asia and reduced promotional investment in the US.

At 31 December 2020 a total net loss of \$(60.5)m has been recognised as material items in relation to the divestment of US brands and assets (\$(50.7)m), the South Australian luxury winery expansion (\$(2.5)m) and overhead and supply chain restructuring (\$(7.3)m).

DIRECTORS' REPORT

Treasury Wine Estates Limited

Directors' report

For the half year ended 31 December 2020 (continued)

The SGARA loss for the period (AASB 141 Agriculture) was \$11.9 million (2019: \$2.6 million loss) driven by the 2020 Californian vintage loss, partially offset by the unwinding of prior year losses.

Events Subsequent to Reporting Date

The following events have occurred subsequent to 31 December 2020:

1. The Board declared an interim dividend of 15 cents per share (100% franked) on 17 February 2021.

Other than the above, there are no further matters or circumstances which have arisen since 31 December 2020 which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Shares

The movement in share capital from 30 June 2020 is set out below:

	Number of shares (million)
Balance at 30 June 2020	720.8
348,319 Shares issued for vested Incentive Plans	0.3
291,754 Shares issued under the Dividend Reinvestment Plan	0.3
Balance at 31 December 2020	721.4

Dividends

A final dividend in respect of the year ended 30 June 2020 of \$57.7 million (representing a dividend of 8.0 cents per ordinary share) was paid in October 2020, of which (\$2.6m) was settled via the Dividend Reinvestment Plan. This dividend was 100% franked.

On 17 February 2021, the Board determined to pay an interim dividend of 15 cents per share in respect of the half year ended 31 December 2020. Accordingly this dividend is not provided for in the balance sheet as at 31 December 2020. The record date for determining an entitlement to receipt of the interim dividend is 4 March 2021 and the dividend is expected to be paid on 1 April 2021.

The Company's Dividend Reinvestment Plan will be in operation for the interim dividend. The last date for receipt of election notices for participation in the Dividend Reinvestment Plan is 5 March 2021.

Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

DIRECTORS' REPORT

Treasury Wine Estates Limited

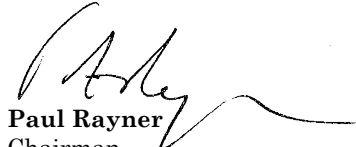
Directors' report

For the half year ended 31 December 2020 (continued)

Rounding

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. In accordance with that Instrument, reported amounts have been rounded to the nearest tenth of one million dollars unless otherwise stated.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.



Paul Rayner
Chairman



Tim Ford
Chief Executive Officer

17 February 2021
Melbourne, Australia



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Treasury Wine Estates Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Treasury Wine Estates Limited for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Gordon Sangster'.

Gordon Sangster
Partner
Melbourne
17 February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		HALF YEAR	
	NOTE	2020 \$M	2019 \$M
Revenue	4	1,424.2	1,551.2
Cost of sales		(875.0)	(868.0)
Gross profit		549.2	683.2
Selling expenses		(130.9)	(172.8)
Marketing expenses		(70.6)	(68.5)
Administration expenses		(79.7)	(69.9)
Other income / (expenses)		(56.3)	(30.7)
Profit before tax and finance costs		211.7	341.3
Finance income		15.5	12.7
Finance costs		(55.3)	(57.5)
Net finance costs		(39.8)	(44.8)
Profit before tax		171.9	296.5
Income tax expense		(51.0)	(85.1)
Net profit		120.9	211.4
Net profit attributable to non-controlling interests		-	-
Net profit attributable to members of Treasury Wine Estates Limited		120.9	211.4
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		11.8	(1.1)
Tax on cash flow hedges		(2.5)	0.1
Exchange gain / (loss) on translation of foreign operations		(142.0)	5.3
Other comprehensive income/(loss) for the year, net of tax		(132.7)	4.3
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited		(11.8)	215.7
Non-controlling interests		-	-
Total comprehensive income/(loss) for the year		(11.8)	215.7
Earnings per share for profit attributable to the ordinary equity holders of the Company		CENTS PER SHARE	CENTS PER SHARE
Basic	8	16.8	29.4
Diluted	8	16.7	29.3

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	NOTE	31 DEC 2020 \$M	30 JUN 2020 \$M	31 DEC 2019 ¹ \$M
Current assets				
Cash and cash equivalents		480.8	449.1	335.6
Receivables		511.0	553.5	702.8
Inventories		826.7	1,017.4	996.6
Assets held for sale		45.7	74.3	72.3
Other current assets		12.8	6.0	1.3
Total current assets		1,877.0	2,100.3	2,108.6
Non-current assets				
Inventories		1,041.8	1,059.2	1,015.3
Property, plant and equipment		1,335.7	1,397.4	1,393.0
Right of use assets		475.5	517.0	537.7
Agricultural assets		40.7	34.1	39.1
Intangible assets		1,208.9	1,331.6	1,322.7
Deferred tax assets		156.5	183.5	171.9
Other non-current assets		40.2	48.8	18.9
Total non-current assets		4,299.3	4,571.6	4,498.6
Total assets		6,176.3	6,671.9	6,607.2
Current liabilities				
Trade and other payables		673.0	682.1	665.6
Current tax liabilities		6.5	22.9	53.2
Provisions		48.9	53.9	52.7
Borrowings	9	53.7	223.3	164.8
Other current liabilities		4.0	0.8	1.7
Total current liabilities		786.1	983.0	938.0
Non-current liabilities				
Borrowings	9	1,489.2	1,702.3	1,626.3
Deferred tax liabilities		299.8	334.2	322.5
Other non-current liabilities		41.3	29.0	10.4
Total non-current liabilities		1,830.3	2,065.5	1,959.2
Total liabilities		2,616.4	3,048.5	2,897.2
Net assets		3,559.9	3,623.4	3,709.9
Equity				
Contributed equity	10	3,276.0	3,269.8	3,261.0
Reserves		(120.9)	12.0	12.7
Retained earnings		400.7	337.5	432.1
Total parent entity interest		3,555.8	3,619.3	3,705.8
Non-controlling interests		4.1	4.1	4.1
Total equity		3,559.9	3,623.4	3,709.9

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

1: Prior year comparatives have been restated for the application of AASB 112 Income Taxes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	CONTRIBUTED EQUITY \$M	RETAINED EARNINGS \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	OTHER RESERVES \$M	TOTAL \$M	NON- CONTROLLING INTERESTS \$M	TOTAL EQUITY \$M
Balance at 30 June 2019¹	3,243.8	364.5	72.1	(43.0)	3,637.4	4.1	3,641.5
Profit for the half year	-	211.4	-	-	211.4	-	211.4
Total other comprehensive income/(loss)	-	-	5.3	(1.0)	4.3	-	4.3
Total comprehensive income/(loss) for the year	-	211.4	5.3	(1.0)	215.7	-	215.7
Transactions with owners in their capacity as owners directly in equity							
Share-based payment expense	-	-	-	11.3	11.3	-	11.3
Vested deferred shares and share rights	13.6	-	-	(32.0)	(18.4)	-	(18.4)
Dividends to owners of the Company	3.6	(143.8)	-	-	(140.2)	-	(140.2)
Balance at 31 December 2019¹	3,261.0	432.2	77.4	(64.7)	3,705.8	4.1	3,709.9
Balance at 30 June 2020	3,269.8	337.5	86.6	(74.6)	3,619.3	4.1	3,623.4
Profit for the year	-	120.9	-	-	120.9	-	120.9
Total other comprehensive income/(loss)	-	-	(142.0)	9.3	(132.7)	-	(132.7)
Total comprehensive income/(loss) for the year	-	120.9	(142.0)	9.3	(11.8)	-	(11.8)
Transactions with owners in their capacity as owners directly in equity							
Share based payment expense	-	-	-	4.8	4.8	-	4.8
Vested deferred shares and share rights	3.6	-	-	(5.0)	(1.4)	-	(1.4)
Dividends to owners of the Company	2.6	(57.7)	-	-	(55.1)	-	(55.1)
Balance at 31 December 2020	3,276.0	400.7	(55.4)	(65.5)	3,555.8	4.1	3,559.9

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1: Prior year comparatives have been restated for the application of AASB 112 Income Taxes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	HALF YEAR	
	2020	2019
	\$M	\$M
	INFLOWS/ (OUTFLOWS)	INFLOWS/ (OUTFLOWS)
Cash flows from operating activities		
Receipts from customers	1,878.5	1,943.4
Payments to suppliers, governments and employees	(1,430.9)	(1,571.4)
Borrowing costs paid	(3.6)	(2.0)
Income taxes paid	(81.1)	(123.7)
Interest paid	(36.0)	(41.8)
Net cash flows from operating activities	326.9	204.5
Cash flows from investing activities		
Payments for property, plant, and equipment	(57.7)	(74.3)
Payments for intangible assets	(10.7)	(16.7)
Proceeds from sale of property, plant and equipment	59.6	28.7
Business acquisitions, net of cash acquired	-	(22.2)
Net cash flows used in investing activities	(8.8)	(84.5)
Cash flows from financing activities		
Proceeds from issue of shares net of transaction costs	0.9	-
Dividend payments	(55.1)	(140.2)
Proceeds from borrowings	217.4	-
Repayment of borrowings	(435.1)	(42.2)
Purchase of shares – employee equity plans	-	(4.9)
Net cash flows used in financing activities	(271.9)	(187.3)
Total cash flows from activities	46.2	(67.3)
Cash and cash equivalents at the beginning of the year	449.1	401.8
Effects of exchange rate changes on foreign currency cash flows and cash balances	(14.5)	1.1
Cash and cash equivalents at end of the year	480.8	335.6

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1 – CORPORATE INFORMATION

The financial report of Treasury Wine Estates Limited (“the Company”) and of its controlled entities (collectively “the Group”) for the half year ended 31 December 2020 was authorised for issue in accordance with a resolution of Directors on 17 February 2021. Treasury Wine Estates Limited is a for profit company incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial report for the half year ended 31 December 2020 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and was approved by the Board of Directors on 17 February 2021.

This financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by the Company in accordance with the continuous disclosure obligations arising under ASX listing rules.

(b) Basis of preparation

This report:

- Has been prepared on a historical cost basis, except for derivative financial instruments and assets classified as held for sale, agricultural produce and assets, and assets and liabilities acquired in a business combination which have been measured at fair value; and
- Is presented in Australian dollars with all values rounded to the nearest tenth of one million dollars unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

Other than as described in Note 2(c) the accounting policies are consistent with those applied in the previous financial year.

Line items labelled ‘other’ on the faces of the consolidated financial statements comprise miscellaneous income, expenses, assets, liabilities or cash flows which individually or in aggregate are not considered material to warrant separate disclosures.

COVID-19 considerations

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the half year financial report statements, generally, due to the impact of the following factors:

- The extent and duration of actions by governments, businesses and consumers to contain the spread of the virus;
- The extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating credit, higher unemployment, and changes in consumer discretionary spending behaviours; and
- The effectiveness of government measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

During H1 F21, the Group experienced the following impacts on its operations and financial statements as a result of these factors:

- Governments continued to take varying approaches to containment of the virus in each of TWE's markets. In general, retail and e-commerce channels remained open and other channels (including restaurants, bars, cellar doors and travel retail) were either partially or entirely closed with re-opening occurring at different rates across individual markets.
- In-home consumption remained higher during periods of lockdown, primarily through retail and e-commerce channels.
- Consumers continued to turn to well-known and trusted brands, which drove volumes of Commercial, Masstige and lower Luxury wines. Higher value luxury wines were negatively impacted by lower consumption – driven primarily by the closure of key luxury channels.
- In the majority of TWE's markets, governments maintained fiscal and economic stimulus packages of varying natures, many of which remain in place at 31 December 2020, and at the date of this report.
- Agricultural activities (including wine production) has generally been considered an essential service in all of the Group's key sourcing regions, with no material interruptions encountered through global operations.

In respect of this financial report, the impact of COVID-19 is primarily relevant to estimates of future performance which is in turn relevant to the areas of impairment of non-financial assets, net realisable value of inventory, recoverability of receivables and recoverability of income tax losses. Other areas of estimates, judgements and assumptions for the Group are not impacted by estimates of future performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In making estimates of future performance, the following assumptions and judgements in relation to the potential impact of COVID-19 have been applied by the Group. Actual results may differ from these estimates under different assumptions and conditions.

- Retail and e-commerce channels are assumed to remain open at the levels as at 31 December 2020, in all regions.
- All regions will continue a phased 're-opening' of previously closed or partially closed channels (bars, restaurants, cellar doors, travel retail) to pre-COVID-19 levels at a progressive rate over the course of calendar year 2021. All channels are assumed to be open by the end of 2021 with the exception of travel retail which will not fully re-open until calendar year 2022.
- In-home consumption, and therefore retail and e-commerce channel sales, are assumed to reduce in line with re-opening of on-premise channels (bars, restaurants).
- Luxury wine consumption assumed to continue to progressively return to pre-COVID-19 levels over the course of F21, but assumed to be below pre-COVID-19 levels in key festive selling periods (Christmas, New Year, Chinese New Year).
- Government fiscal and economic stimulus packages are maintained, but phased out as economies return to historical output levels.
- Agricultural activities (including wine production) continue to be considered an essential service in all of the Group's key sourcing regions.

As noted above, the Group assumes a trend of general recovery. Whilst further virus outbreaks may occur in some regions, the progressive deployment of vaccines in key markets is expected to support recovery and the assumptions applied by the Group.

Key assumptions and judgements have been stress tested for the impacts of COVID-19 with further downside sensitivity. As a result, more extensive changes in assumptions have been considered and disclosed in the financial statements.

Further details on the estimates, judgements and assumptions applied by the Group within these Financial statements are included within the relevant Notes, including sensitivities applied to ensure financial statements and disclosures are appropriate.

(c) New standards adopted

Since 30 June 2020, the Group has not adopted any new or amended accounting standards.

IFRIC Agenda Decision – Multiple Tax Consequences of Recovering an Asset (AASB 112 Income Taxes)

The impact of adopting the IFRIC agenda decision was reflected in the 30 June 2020 annual report. The impact of adopting the decision on balances reported for 31 December 2019 is summarised below. Only restated lines have been included.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

The Group recognised a deferred tax liability with a corresponding increase to goodwill in relation to the AASB 112 accounting policy change, for deferred taxes recognised on intangible asset acquisitions as part of a business combination.

	31 DECEMBER 2019 \$M REPORTED	INCREASE / DECREASE \$M	31 DECEMBER 2019 \$M RESTATED
Assets			
Intangible assets	1,177.7	145.0	1,322.7
Liabilities			
Deferred tax liabilities	188.0	134.5	322.5
Equity			
Retained earnings	421.6	10.5	432.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Issued but not yet effective accounting standards

The following relevant accounting standards have recently been issued or amended but are not yet effective and have not been adopted for this half year reporting period. This is not expected to have a material impact to the Group.

Reference	Title	Application
AASB 2020-8	Amendments to AASB - Interest Rate Benchmark Reform: Phase 2	1 January 2021
AASB 2014-10	Amendments to AASB - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022
AASB 2015-10	Amendments to AASB - Effective Date of Amendments to AASB 10 and AASB 128	1 January 2022
AASB 2017-5	Amendments to AASB - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022
AASB 2020-3	Amendments to AASB - Annual Improvements 2018-2020 and Other Amendments	1 January 2022
AASB 2020-1	Amendments to AASB - Classification of Liabilities as Current or Non-Current	1 January 2023
AASB 2020-6	Amendments to AASB - Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2023
AASB 17	Insurance Contracts	1 January 2023
AASB 2020-5	Amendments to AASB - Insurance Contracts	1 January 2023

NOTE 3 - SEGMENT INFORMATION

The Group's segments

The Group reports segment information on the same basis as its internal management reporting structure and consistent with the information used to organise and manage the Group. The reportable segments are based on the aggregation of operating segments determined by the similarity of the nature of products, the production process, the types of customers and the methods used to distribute the products.

Presentation of segment results

The principal profit metric for internal management reporting is Management earnings before interest, tax, SGARA and material items (EBITS). Corporate charges are allocated to each segment on a proportionate basis linked to segment revenue, head count or where the work is undertaken depending on the nature of the charge.

SGARA represents the difference between the fair value of harvested grapes (as determined under AASB 141 "Agriculture"), and the cost of harvested grapes. This fair value gain or loss is excluded from Management EBITs so that earnings can be assessed 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 to improves comparability with domestic and global peers.

The Group has the following reportable segments:

(i) Australia & New Zealand (ANZ)

This segment is responsible for the manufacture, sale and marketing of wine within Australia & New Zealand.

(ii) Europe, Middle, East and Africa (EMEA)

This segment is responsible for the manufacture, sale and marketing of wine within Europe and Middle, East & Africa.

(iii) Americas

This segment is responsible for the manufacture, sale and marketing of wine within North American and Latin Americas regions.

(iv) Asia

This segment is responsible for the sale and marketing of wine within Asia (excluding the Middle East & Africa).

Segment assets and liabilities

Segment assets and liabilities represent those working capital and non-current assets and liabilities that are located in the respective segments. Cash and borrowings, other than lease liabilities, are not considered to be segment assets/liabilities as they are managed by our centralised treasury function. Consistent with the use of EBITs for measuring profit, tax assets and liabilities, which do not contribute towards EBITs, are not allocated to operating segments.

Intersegment transactions

The price of an intersegment transaction is set at an arm's length basis. Whilst these transactions are eliminated on consolidation, they are shown within the segment revenue and EBITs to reflect the segment of origin performance, including production.

Corporate charges

Unallocated corporate charges are reported in the Corporate/unallocated segment. Net finance costs are not allocated to segments as the Group's financing function is centralised through its treasury function.

Segment loans payable and loans receivable

Segment loans are initially recognised at the amount transferred. Intersegment loans receivable and payable that earn or incur non-market interest are adjusted to fair value based on market interest rates.

Other

If items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 3 - SEGMENT INFORMATION (CONTINUED)

2020	ANZ	AMERICAS	ASIA	EMEA	INTERSEGMENT ELIMINATION	TOTAL SEGMENT	UNALLOCATED/ CORPORATE	CONSOLIDATED
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total revenue comprises:								
Net sales revenue	323.8	535.1	333.2	217.9	-	1,410.0	-	1,410.0
Other revenue	2.3	9.2	0.4	1.2	-	13.1	1.1	14.2
Intersegment revenue	158.0	22.4	0.1	8.3	(188.8)	-	-	-
Total segment revenue (excl other income/interest)	484.1	566.7	333.7	227.4	(188.8)	1,423.1	1.1	1,424.2
Management EBITs	75.3	83.1	127.2	25.0	-	310.6	(26.5)	284.1
SGARA gain/(loss)	(3.1)	(8.1)	-	(0.7)	-	(11.9)	-	(11.9)
Material items	(2.5)	(55.7)	-	-	-	(58.2)	(2.3)	(60.5)
Management EBIT	69.7	19.3	127.2	24.3	-	240.5	(28.8)	211.7
Net finance costs								(39.8)
Consolidated profit before tax								171.9
Depreciation of property, plant and equipment and right of use assets	(24.2)	(36.5)	(2.4)	(1.0)	-	(64.1)	(2.1)	(66.2)
Amortisation of intangible assets	(0.2)	(2.3)	-	(0.7)	-	(3.2)	(9.3)	(12.5)
Capital expenditure	(46.5)	(10.8)	(2.1)	(0.7)	-	(60.1)	(8.3)	(68.4)
Segment assets (excl intersegment assets) – 31 Dec 20	2,405.5	2,412.0	169.1	434.5	-	5,421.1	755.2	6,176.3
Segment assets (excl intersegment assets) – 30 June 20	2,514.5	2,783.9	163.2	428.6	-	5,890.2	781.7	6,671.9
Segment liabilities (excl intersegment liabilities) – 31 Dec 20	(316.9)	(756.0)	(106.4)	(104.8)	-	(1,284.1)	(1,332.3)	(2,616.4)
Segment liabilities (excl intersegment liabilities) – 30 June 20	(348.4)	(819.1)	(68.3)	(97.7)	-	(1,333.4)	(1,715.1)	(3,048.5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 3 - SEGMENT INFORMATION (CONTINUED)

2019 ¹	ANZ	AMERICAS	ASIA	EMEA	INTERSEGMENT ELIMINATION	TOTAL SEGMENT	UNALLOCATED/ CORPORATE	CONSOLIDATED
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total revenue comprises:								
Net sales revenue	325.8	612.4	407.5	190.4	-	1,536.1	-	1,536.1
Other revenue	3.1	10.5	0.2	1.3	-	15.1	-	15.1
Intersegment revenue	182.7	20.8	0.2	16.1	(219.8)	-	-	-
Total segment revenue (excl other income/interest)	511.6	643.7	407.9	207.8	(219.8)	1,551.2	-	1,551.2
Management EBITs	85.9	98.3	175.5	32.0	-	391.7	(25.0)	366.7
SGARA gain/(loss)	(3.4)	0.4	-	0.4	-	(2.6)	-	(2.6)
Material items	(22.8)	-	-	-	-	(22.8)	-	(22.8)
Management EBIT	59.7	98.7	175.5	32.4	-	366.3	(25.0)	341.3
Net finance costs								(44.8)
Consolidated profit before tax								296.5
Depreciation of property, plant and equipment and right of use assets	(26.7)	(38.4)	(2.1)	(1.2)	-	(68.4)	(1.9)	(70.3)
Amortisation of intangible assets	(0.4)	(1.7)	-	(0.8)	-	(2.9)	(4.8)	(7.7)
Capital expenditure	(46.2)	(31.9)	(1.1)	(1.0)	-	(80.2)	(10.8)	(91.0)
Segment assets (excl intersegment assets) – 31 Dec 19	2,442.4	2,872.5	267.5	424.1	-	6,006.5	600.7	6,607.2
Segment assets (excl intersegment assets) – 30 June 19	2,505.1	2,841.3	223.0	370.9	-	5,940.3	701.2	6,641.5
Segment liabilities (excl intersegment liabilities) – 31 Dec 19	(360.5)	(861.8)	(67.4)	(81.8)	-	(1,371.5)	(1,525.7)	(2,897.2)
Segment liabilities (excl intersegment liabilities) – 30 June 19	(359.4)	(865.3)	(57.9)	(95.0)	-	(1,377.6)	(1,622.4)	(3,000.0)

1: Prior year comparatives have been restated for the application of AASB 112 Income Taxes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 3 - SEGMENT INFORMATION (CONTINUED)

Geographical segments

The presentation of geographical revenue is based on the location of the selling entity.

	NET SALES REVENUE	
	Half year	Half year
	2020	2019
	\$M	\$M
Australia	630.7	719.6
United States of America	537.6	617.4
United Kingdom	181.3	149.8
Other geographical locations ²	60.4	49.3
Total	1,410.0	1,536.1

2 – Other than Australia, United States of America and the United Kingdom, sales from other countries are individually less than 10% of the Group's net sales revenue.

The presentation of non-current assets is based on the geographical location of the assets.

	NON-CURRENT ASSETS		
	31 DEC 2020	30 JUN 2020	31 DEC 2019 ¹
	\$M	\$M	\$M
Australia	1,886.4	1,882.0	1,818.7
United States of America	1,912.2	2,159.8	2,194.9
United Kingdom	146.5	145.8	164.0
Other geographical locations	162.6	157.0	125.5
Total geographical non-current assets	4,107.7	4,344.6	4,303.1
Other non-current assets ³	191.6	227.0	195.5
Consolidated non-current assets	4,299.3	4,571.6	4,498.6

3 – Other non-current assets include financial derivative assets and deferred tax assets.

NOTE 4 - REVENUE

	Half year	Half year
	2020	2019
	\$M	\$M
Revenue		
Net sales revenue ¹	1,410.0	1,536.1
Other revenue	14.2	15.1
Total revenue	1,424.2	1,551.2

1 - Net sales revenue is net of trade discounts and volume rebates.

Net sales revenue – types of products

The Group generates revenue through the sale of branded wines, principally as a finished, bottled product. The Group's wine portfolio includes some of the world's leading Luxury, Masstige and Commercial wine brands such as Penfolds, Beringer, Lindeman's, Wolf Blass, 19 Crimes, Chateau St Jean, Beaulieu Vineyard and Sterling Vineyards.

The Group distributes wine to a range of customers across the world, with routes to market tailored by country. Depending on the geography, wine is sold to distributors (who tend to be exclusive and stock a whole portfolio), wholesalers (who choose which brands they would like to order from the portfolio), direct to national retail chains, independent retailers and on premise outlets. The Group also has some sales direct to the consumer.

1: Prior year comparatives have been restated for the application of AASB 112 Income Taxes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 4 - REVENUE (CONTINUED)

Other revenue – types of services

The Group provides contract bottling services to third parties.

Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group's contracts with customers generally include one performance obligation. Revenue from the sale of products or services is recognised at the point in time when control over a product or service is transferred to the customer, generally on delivery. The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is recorded net of sales discounts and rebates, duties and taxes. Payment terms vary by customer. The following specific criteria are also applied:

Wine

Revenue is recognised in a manner that depicts transfer of control of goods to customers at the amount that reflects consideration the business expects to be entitled to in exchange for those goods. Sales to national retail chains, domestic distributors, independent retailers and on premise outlets are usually recognised when goods are delivered. Sales to international customers are recognised based on the international commercial terms the goods are shipped under, but typically when goods are despatched. This is also the case for some national retail chains that manage their own distribution networks.

Bottling services

Revenue is recognised when the relevant service has been completed.

Trade discounts and volume rebates

Products are often sold with volume discounts and other rebates. Sales are recorded based on the consideration specified in the sales contracts or terms, net of the estimated discount or rebate at the time of sale. These discounts or rebates are considered variable consideration and are accounted for in determining the transaction price of a contract. The method used by the Group to estimate discounts and rebates is the most likely amount. Accumulated experience is used to estimate and provide for the discounts based on anticipated annual purchases.

Financing components

The Group does not have any contracts where the period between the transfer of the promised product or services to the customer and by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

NOTE 5 - DIVIDENDS

	Half year 2020 \$M	Half year 2019 \$M
Dividends declared and paid on ordinary shares:		
Final dividend for 2020 of 8.0 cents per share, 100% franked (2019: 20.0 cents per share, 100% franked)	57.7	143.8
Dividends declared after balance date		
Since the end of the half year, the Directors declared an interim dividend of 15.0 cents per share (2019: 20.0 cents) 100% franked (2019: 100%). This dividend has not been recognised as a liability at 31 December 2020	108.2	144.0

The Company's Dividend Reinvestment Plan will be in operation for the interim dividend. The last date for receipt of election notices for participation in the Dividend Reinvestment Plan is 5 March 2021 (AEDT).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 6 - OTHER EARNINGS DISCLOSURES

	Half year 2020 \$M	Half year 2019 \$M
Restructuring and redundancy (costs) ¹	(15.0)	(25.6)
Net gain / (loss) relating to property, plant and equipment and intangible and other assets (Write-down) / Reversal of write-down of assets ¹	(92.0)	(6.3)
Insurance income	8.1	-
Net profit on sale of property, plant and equipment ¹	38.2	0.6

1. Includes items classified as material items. Refer to note 7 for further information.

NOTE 7 - MATERIAL ITEMS

The following individually material items are included within the consolidated statement of profit or loss and other comprehensive income.

	Half year 2020 \$M	Half year 2019 \$M
Individually material items included in profit before income tax:		
<i>Divestment of US brands and assets</i>		
Restructuring and redundancy (costs)	(7.0)	-
(Write-down)/reversal of write-down of intangible assets	(64.3)	-
(Write-down)/reversal of write-down of assets held for sale	(6.6)	-
(Write-down) of inventory	(11.0)	-
Net profit on sale of property, plant and equipment	38.2	-
<i>South Australian luxury winery expansion</i>		
Restructuring and redundancy (costs)	(0.3)	(19.1)
(Write-down)/reversal of write-down of assets	(2.2)	(3.7)
<i>Overhead and supply chain restructure</i>		
Restructuring and redundancy (costs)	(7.3)	-
Total material items (before tax)	(60.5)	(22.8)
Tax effect of material items	14.9	6.8
Total material items (after tax)	(45.6)	(16.0)

Divestment of US brands and assets

At 31 December 2020 a total net loss of \$(50.7)m has been recognised in other income / expenses in relation to the divestment and exit of non-priority brands. At 31 December 2020, brand names and other assets that are subject to the divestment and exit negotiations have been tested for impairment independently of the Americas cash generating unit. The recoverable amount of these assets has been estimated based on the expected terms of the exit negotiations. The recoverable amount of other assets within the Americas CGU continues to be the subject of separate testing – refer to note 12 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 8 - EARNINGS PER SHARE

	Half year 2020 CENTS PER SHARE	Half year 2019 CENTS PER SHARE
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	16.8	29.4
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	16.7	29.3
	NUMBER	NUMBER
<i>Weighted average number of shares</i>		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	721,168	719,494
<i>Effect of potentially dilutive securities</i>		
Deferred shares (in thousands)	1,536	2,354
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	722,704	721,848
Earnings reconciliation		
<i>Basic and diluted EPS</i>	\$M	\$M
Net profit	120.9	211.4
Net profit attributable to non-controlling interests	-	-
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	120.9	211.4

NOTE 9 - BORROWINGS

	31 DEC 2020 \$M	30 JUN 2020 \$M
Total borrowings consist of:		
Current	53.7	223.3
Non-current	1,489.2	1,702.3
Total borrowings	1,542.9	1,925.6

Details of major arrangements

US Private Placement Notes and Debt Facilities

US Private Placement (USPP) notes totalling US\$325.0 million (unsecured) are outstanding, with maturities ranging from December 2023 to June 2029. The carrying value of USPP notes at 31 December 2020 is \$422.9 million (30 June 2020: \$581.9 million).

The Group has US\$550.0 million of debt facilities with US\$200.0 million maturing in October 2021, US\$120.0 million maturing November 2023 and US\$230.0 million maturing in November 2026. At 31 December 2020 syndicated debt facilities of US\$350.0 million are drawn against the November 2023 and 2026 maturities. The carrying value of the syndicated debt facility at 31 December 2020 is \$455.4 million (30 June 2020: \$509.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 9 – BORROWINGS (CONTINUED)

The Group has in place a number of revolving bank debt facilities with maturities staggered through to December 2024. As at 31 December 2020 drawings under the bank debt facilities were nil (30 June 2020: \$100.0 million).

USPP notes bear interest at fixed and floating interest rates. In accordance with the Group's risk management strategy, the Group has entered into a combination of fixed to floating and floating to fixed interest rate swaps to obtain the desired fixed/floating interest ratio, with interest rate caps also used to manage interest rate risk.

Financial guarantees

The Group has issued financial guarantees to other persons of \$23.4 million (30 June 2020: \$23.4 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. No payments are expected to eventuate under these financial guarantees as the Group expects to meet its respective obligations to the beneficiaries of these guarantees.

Lease liabilities

The Group enters into lease arrangements that meet the capitalisation requirements under AASB 16 Leases. Current and non-current lease liabilities are recognised for the present value of the lease payments due under the lease contracts and are represented as borrowings.

At 31 December 2020, the Group recognised current lease liabilities of \$56.0 million (30 June 2020: \$56.1 million) and non-current lease liabilities of \$583.5 million (30 June 2020: \$642.5 million). The Group's lease arrangements have durations up to 25 years.

NOTE 10 - CONTRIBUTED EQUITY

	31 DEC 2020 \$M	30 JUN 2020 \$M
Issued and paid-up capital		
721,440,424 (30 June 2020: 720,800,351) ordinary shares, fully paid	3,276.0	3,269.8
	3,276.0	3,269.8
Contributed equity at the beginning of the period	3,269.8	3,243.8
Shares movements:		
291,754 Shares issued under the Dividend Reinvestment Plan (30 June 2020: 1,055,717)	2.6	11.5
348,319 Shares issued for vested Incentive Plans (30 June 2020: 644,149)	3.6	11.0
Net movement in own shares held	-	3.5
Contributed equity at the end of the period	3,276.0	3,269.8

The shares have no par value.

Purchase of shares for Long Term Incentive Plan (LTIP) plans

The Group engages a third party to purchase shares in the Company to be used to satisfy share based payment obligations upon vesting under the Group's Employee Equity Plans. Historically, such commitments were satisfied by way of treasury share purchases (i.e. the Group acquiring shares on market directly). Treasury shares that had previously been purchased remain available to satisfy any future vesting under the Group's Employee Equity Plans. Nil treasury shares were purchased during the period.

During the period, the Group purchased nil shares under the third party arrangement (30 June 2020: 0.3 million shares (\$4.9 million)).

Issue of shares

During the period, the Group issued 0.3 million shares (30 June 2020: 1 million) to shareholders in accordance with the Dividend Reinvestment Plan. In addition, the Group issued 0.3 million shares (30 June 2020: 0.6 million shares) to satisfy vesting's associated with the Share Cellar Plan and MTIP Plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 11 - FAIR VALUES

The fair values of cash and cash equivalents, financial assets and most financial liabilities approximate their carrying value. The fair value of the US Private Placement Notes is \$498.5 million (30 June 2020: \$679.3 million) and the fair value of the syndicated debt facility is \$492.9 million (30 June 2020: \$530.3 million). There have been no reclassifications of financial assets from fair value to cost, or from cost or amortised cost to fair value during the year.

The fair values of derivative financial instruments are based upon market prices, or models using inputs observed from the market, where markets exist or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles (a Level 2 valuation).

The valuation of derivative financial assets and liabilities reflects the estimated amounts which the Group would be required to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques.

As the purpose of these derivative financial instruments is to hedge the Group's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely in the absence of abnormal circumstances that these contracts would be terminated prior to maturity.

For all other recognised financial assets and financial liabilities, based on the facts and circumstances existing at reporting date and the nature of the Group's financial assets and financial liabilities including hedge positions, the Group has no reason to believe that the financial assets could not be exchanged, or the financial liabilities could not be settled, in an arm's length transaction at an amount approximating its carrying amount.

NOTE 12 – IMPAIRMENT OF NON-FINANCIAL ASSETS

At 31 December 2020 the recoverable amounts of cash generating units (CGUs) exceed their carrying values and as a result no impairment has been recognised.

The Group's CGUs are consistent with F20 and are:

- Americas;
- Europe; and
- Australia and New Zealand (ANZ).

Key estimate and judgement:

Key estimates and judgements include:

Cash flow forecasts

Cash flow forecasts are based on the Group's most recent five-year financial plans approved by the Board, adjusted as necessary to reflect updated forecast performance. Key assumptions in the cash flow forecasts include sales volume growth, cost of sales and cost of doing business.

The Group's assumptions regarding sales volume growth and costs of doing business are based on expectations of the market demand and past experience. The assumption on cost of sales is based on expectation about future vintage costs.

Long-term growth rates

Cash flow forecasts beyond a five-year period are extrapolated using a growth rate range of 2.0% to 3.0% (F20: 2.0% to 3.0%). Growth rates are specific to individual CGUs and reflect expected future market and economic conditions.

Discount rate

The Group applies a post-tax discount rate to post-tax cash flows as the valuation calculated using this method closely approximates applying pre-tax discount rates to pre-tax cash flows. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net post-tax cash flows being achieved. The following pre-tax discount rates were applied:

Americas	9.4%
Europe	9.5%
ANZ	11.0%

Exchange rates

Cash flow forecasts in foreign currency are forecast in that currency and discounted using the applicable regional discount rates (predominantly USD and GBP).

Sensitivity analysis

Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount to fall below carrying values.

For the Americas CGU, a reduction in cash flow forecasts of more than 20% for all years in the forecast period and also in the terminal year would reduce the CGU's headroom to nil. There are no reasonably possible changes in the discount rate that would result in an impairment

For the Group's remaining CGUs, based on current economic conditions and CGU performances, there are no reasonably possible changes to key assumptions used in the determination of CGU recoverable amounts that would result in a impairment to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 13 - CLASS ACTION

Two Australian shareholder class actions have been commenced against TWE Limited.

The first action was served on 2 April 2020 by Slater & Gordon (S&G) acting for Brett Stallard as trustee for the Stallard superannuation fund. The second action was served on 1 May 2020 by Maurice Blackburn (MB) acting for Steven Napier. The class in both proceedings comprise shareholders who purchased shares between 30 June 2018 and 28 January 2020. Both proceedings allege that the Company breached its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and that it engaged in misleading or deceptive conduct in contravention of the Corporations Act and the ASIC Act. The two actions were consolidated into a single action on 15 October 2020.

With regard to claims, the Company strongly denies any and all allegations made against it and is vigorously defending the proceedings.

Based on the information currently available, the Company does not know the quantum of either class action. No provision has been recognised at 31 December 2020 in respect of the claim.

NOTE 14 - EVENTS SUBSEQUENT TO REPORTING DATE

The following events have occurred subsequent to 31 December 2020:

1. The Board declared an interim dividend of 15 cents per share (100% franked) on 17 February 2021.

Other than the above, there are no further matters or circumstances which have arisen since 31 December 2020 which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

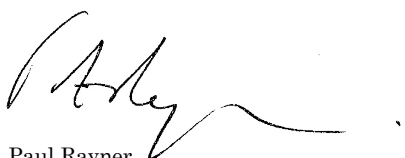
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The Directors declare that the consolidated financial statements and notes for the Group:

- a) are prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 134: *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.



Paul Rayner
Chairman

17 February 2021
Melbourne, Australia



Tim Ford
Chief Executive Officer



Independent Auditor's Review Report

To the shareholders of Treasury Wine Estates Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Treasury Wine Estates Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Treasury Wine Estates Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Treasury Wine Estates Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Gordon Sangster
Partner
Melbourne
17 February 2021