



TREASURY WINE ESTATES

13 May 2021

ASX ANNOUNCEMENT

TWE 2021 Investor Day including financial updates

Treasury Wine Estates Limited (ASX:TWE) is today holding an Investor Day in Sydney, Australia commencing at 10.00am AEST.

Enclosed are the investor day presentation materials. The materials have been loaded to the ASX platform in two parts (Part A and Part B). The event will be webcast live and accessible via the following link - <https://encore.com.au/TWE/InvestorDay21/>

Financial updates

Provided below is a summary of key financial information included in the presentation material which affirms TWE as a long-term quality growth business:

- TWE expects F21 EBITs to be in the range of \$495m to \$515m, ahead of current market consensus expectations and would represent growth of 33% in 2H21 compared to the prior corresponding period at the mid-point of the guidance range.
- Over the long-term TWE is targeting the delivery of sustainable top-line growth and high single-digit average earnings growth¹.
- TWE's long-term financial objectives also include the continued premiumisation of its sales mix, expansion of its Group EBITs margin to the target of 25% and restoring and then growing ROCE.
- EBITs margin targets were provided for the new operating divisions with:
 - Penfolds targeting 40-45% EBITs margin, including investment to grow distribution;
 - Treasury Americas maintaining its 25% EBITs margin ambition; and

¹ Organic, pre material items and on a constant currency basis. Continuation of COVID-19 related disruptions to key sales channels for luxury wine may influence short-term performance





- Treasury Premium Brands targeting EBITS margin in the high-teens.
- As previously announced, TWE is currently undertaking a global supply-chain optimisation program. This program is now expected to deliver annualised benefits of at least \$75m by F23, up from the \$50m of annualised benefits announced previously².

Divisional Key Financial Information

TWE also provided historical financial information for its three brand portfolio operating divisions³ that it will commence operating under from 1 July 2021. Corporate costs have been allocated to divisions in line with the principles of the new operating model which includes a more streamlined corporate centre.

Penfolds	F18	F19	F20
Volume (m9LE)	2.1	2.8	2.5
NSR (A\$m)	544.3	816.0	765.2
NSR/Case (A\$)	255.3	287.3	312.2
EBITS (A\$m)	225.2	363.3	357.3
EBITS margin (%)	41%	45%	47%

Treasury Americas	F18	F19	F20	F20 Proforma⁴
Volume (m9LE)	13.5	13.9	12.3	7.6
NSR (A\$m)	935.4	1,084.4	1,014.6	810.8
NSR/Case (A\$)	69.1	78.2	82.6	106.8
EBITS (A\$m)	188.1	202.5	120.2	130.2
EBITS margin (%)	20%	19%	12%	16%

Treasury Premium Brands	F18	F19	F20
Volume (m9LE)	18.9	18.8	17.6
NSR (A\$m)	949.2	931.2	869.7
NSR/Case (A\$)	50.2	49.6	49.4
EBITS (A\$m)	163.6	137.9	78.4
EBITS margin (%)	17%	15%	9%

Corporate⁵	F18	F19	F20
EBITS (A\$m)	(32.9)	(22.6)	(22.4)

² F20 base, excluding inflation and volume-mix impact on COGS

³ Historical financials remain subject to audit review

⁴ Proforma financials adjusted for commercial portfolio brands divested March 2021 and organisational structure changes. Does not include any future benefit from supply chain optimisation initiatives or synergies

⁵ Historical reported Corporate EBITs were F18: \$52.4m, F19: \$56.7m, F20: \$42.5m



Sustainability Framework

TWE has also announced today an expanded suite of sustainability targets, including a new commitment to 100% renewable electricity by 2024 and net zero emissions (Scope 1 and 2) by 2030.

For the purposes of ASX Listing Rule 15.5, TWE confirms that this document has been authorised for release to the market by the Chairman of the Board.

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TREASURY
WINE ESTATES

TWE INVESTOR DAY

Boldly leading change in the world of wine

13TH MAY 2021





TREASURY
WINE ESTATES

TWE 2025

Tim Ford



Destination Zero Harm

Emergency Procedures



FIRE EXIT



ASSEMBLY POINT



MANUAL CALL POINT



FIRE EXTINGUISHER CO2



FIRE BLANKET



HOSE REEL



WIP



FIRE HYDRANT

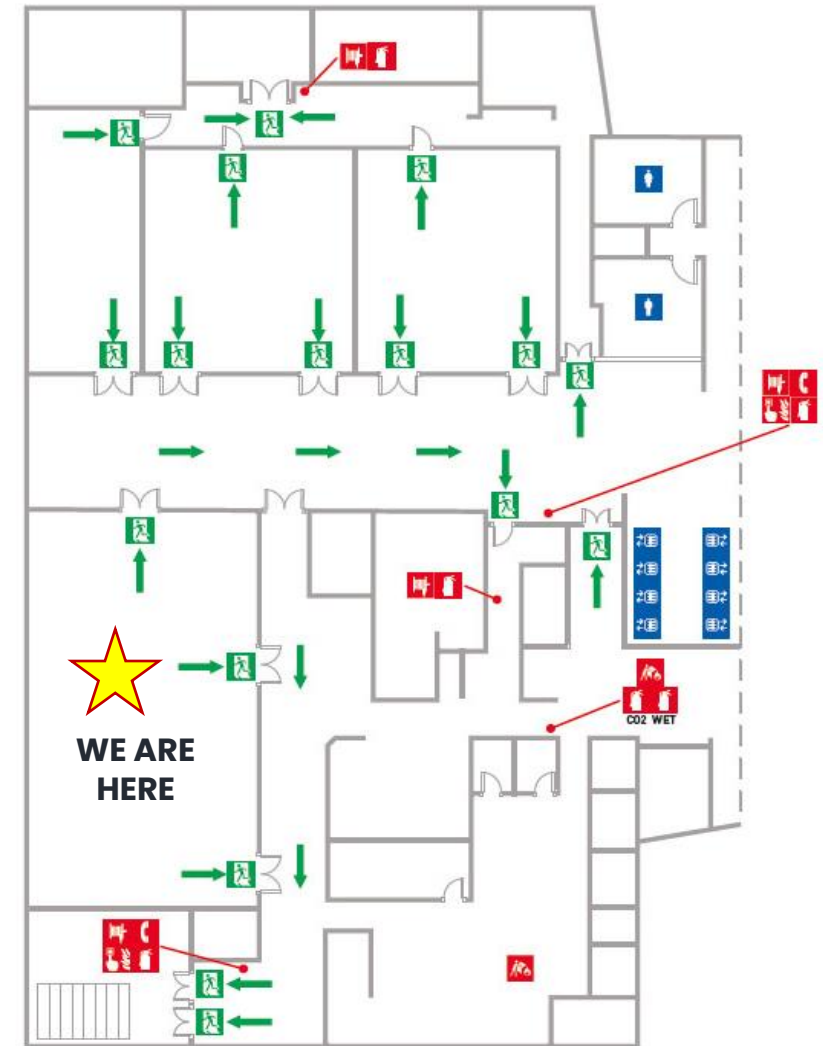


BREAK GLASS ALARM



EVACUATION EGRESS ROUTE

LEVEL 2



Our team presenting today



Tim Ford
Chief Executive Officer



Matt Young
Chief Financial Officer



Stuart Boxer
Chief Strategy and
Corporate
Development Officer



Ben Dollard
President, Treasury
Americas¹



Kirsten Gray
Chief Corporate
Services Officer and
Company Secretary



Katie Hodgson
Chief People Officer



Tom King
Managing Director,
Penfolds²



Angus Lilley
Chief Marketing Officer



Peter Neilson
Managing Director,
Treasury Premium
Brands³



Kerrin Petty
Director, Global
Supply Chain

¹ Effective 1 July, 2021 – currently President, Americas region

² Effective 1 July, 2021 – currently Managing Director, Asia region

³ Effective 1 July, 2021 – currently Managing Director, Australia & New Zealand region

Board members in attendance



Paul Rayner
Chairman



**Warwick
Every-Burns**
Non-Executive Director



Antonia Korsanos
Non-Executive Director

Agenda



10:00am – 10:15am	TWE 2025	Tim Ford
10:15am – 10:30am	The premium wine consumer	Angus Lilley
10:30am – 10:50am	Q&A	
10:50am – 11:10am	Break	
11:10am – 1:00pm	Building our future The new operating model Penfolds Treasury Americas Treasury Premium Brands	Stuart Boxer Tom King Ben Dollard Peter Neilson
15 minute Q&A to follow each divisional presentation		
1:00pm – 2:00pm	Lunch	
2:00pm – 2:15pm	Supply	Kerrin Petty
2:15pm – 2:25pm	World class talent	Katie Hodgson
2:25pm – 2:40pm	Towards a sustainable future	Kirsten Gray, Kerrin Petty
2:40pm – 2:50pm	Technology as a platform for growth	Matt Young
2:50pm – 3:10pm	Q&A	
3:10pm – 3:30pm	Break	
3:30pm – 3:45pm	Our long-term growth	Matt Young
3:45pm – 3:55pm	Q&A	
3:55pm – 4:00pm	Closing	Tim Ford



This is Treasury Wine Estates



Premium focused and consumer-led global wine company



Award winning portfolio of premium wine brands



Sales in over 70 countries across multiple distribution channels



World class asset base in internationally acclaimed wine making regions



Over 3,000 talented team members with global expertise

Long-term investment case

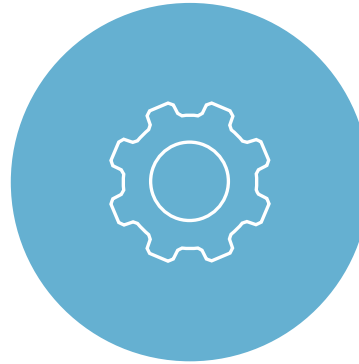
The elements supporting our 'through the cycle' growth ambitions



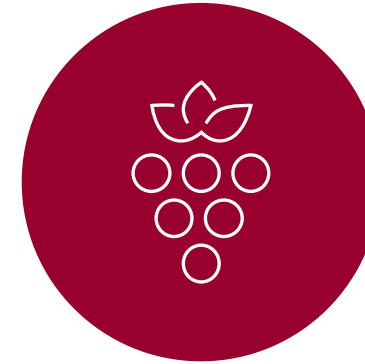
**Attractive
category
fundamentals**



**Best global portfolio
of premium wine
brands**



**Winning RTM
model in all
priority markets**



**Unparalleled
global asset base**



**Strong and
flexible capital
structure**

Our 10-year journey

A journey of substantial change that has strengthened our business



Key corporate milestones

2011

Commenced trading on the ASX on the 10th of May 2011

2014

Accelerated investments behind luxury inventory growth strategy

2015

Acquired Diageo Wine, securing a step-change in access to Californian luxury supply

2018

Implemented new route-to-market in the US

2019

Acquired production and vineyard assets in Bordeaux, France
Commenced significant expansion of South Australian luxury winemaking infrastructure

2020

Demonstrated resilience of business in dealing with a number of external factors (COVID-19, China tariffs, fires)

2021

Divested several commercial portfolio brands in the US



Transitioned to a premium focused brand and consumer-led business



Diversified our global business



Built advantaged distribution platforms in key global markets and channels



Accelerated investment to drive premiumisation



Establishing an efficient and fit for purpose cost and global asset base



Instilled an agile, resilient and growth minded culture, led by a strong management team

Our 10-year journey

F20 financial performance relative to pre-demerger¹



**Portfolio
premiumisation** 

> 70%

**NSR premium
and luxury wine**

More than doubled

Profitability 

20%

EBITS margin

Up over 85%

**Revenue
Premiumisation** 

\$81.9

NSR per case

Up over 50%

**Return
on capital** 

10.6%

ROCE

More than tripled

Earnings 

\$533m

EBITS

Up over 160%

**Shareholder
returns²** 

+289%

**Total Shareholder
Return**

*Versus ASX 200
+49%*

TWE expects F21 EBITs to be in the range of \$495m to \$515m

¹ F10 performance per Foster's Group Limited Demerger Booklet

² 10 May 2011 to 30 April 2021

The changing landscape

Changing market and consumer trends have created risks and opportunities for the wine category and for TWE



Enduring COVID impacts

- E-commerce growth & digital engagement
- Localism (shopping, tourism)
- Working from home
- Increased home consumption
- Heightened social consciousness
- Decreased business travel
- Social distancing / sanitization

COVID has accelerated a number of powerful trends that will change the way we engage with our consumers

**Penfolds | Treasury Americas
Treasury Premium Brands
Technology**



Global impacts

- Australia-China relationship
- Effective closure of Chinese market to Australian COO wine
- Brexit
- UK logistics challenges
- Political polarization
- Technological advancements

Unavoidable events are forcing us to rapidly change our market mix – exposing previously under-recognised opportunities

**Penfolds | Treasury Premium Brands
Technology**



Social, economic and consumer trends

- Increased expectations of corporations
- Sustainability
 - Product and packaging
 - Increased focus to set and meet targets
- Demographic shifts
 - Ageing / low pop. growth
 - Growing minority populations
- Technology
 - The power of social media
- Economic
 - Growing wealth inequality
- Health & Wellness
 - Low / no alc, vegan, organic
 - Mindfulness / mental health
- Environmental
 - Accelerating climate change
 - Extreme weather / water insecurity

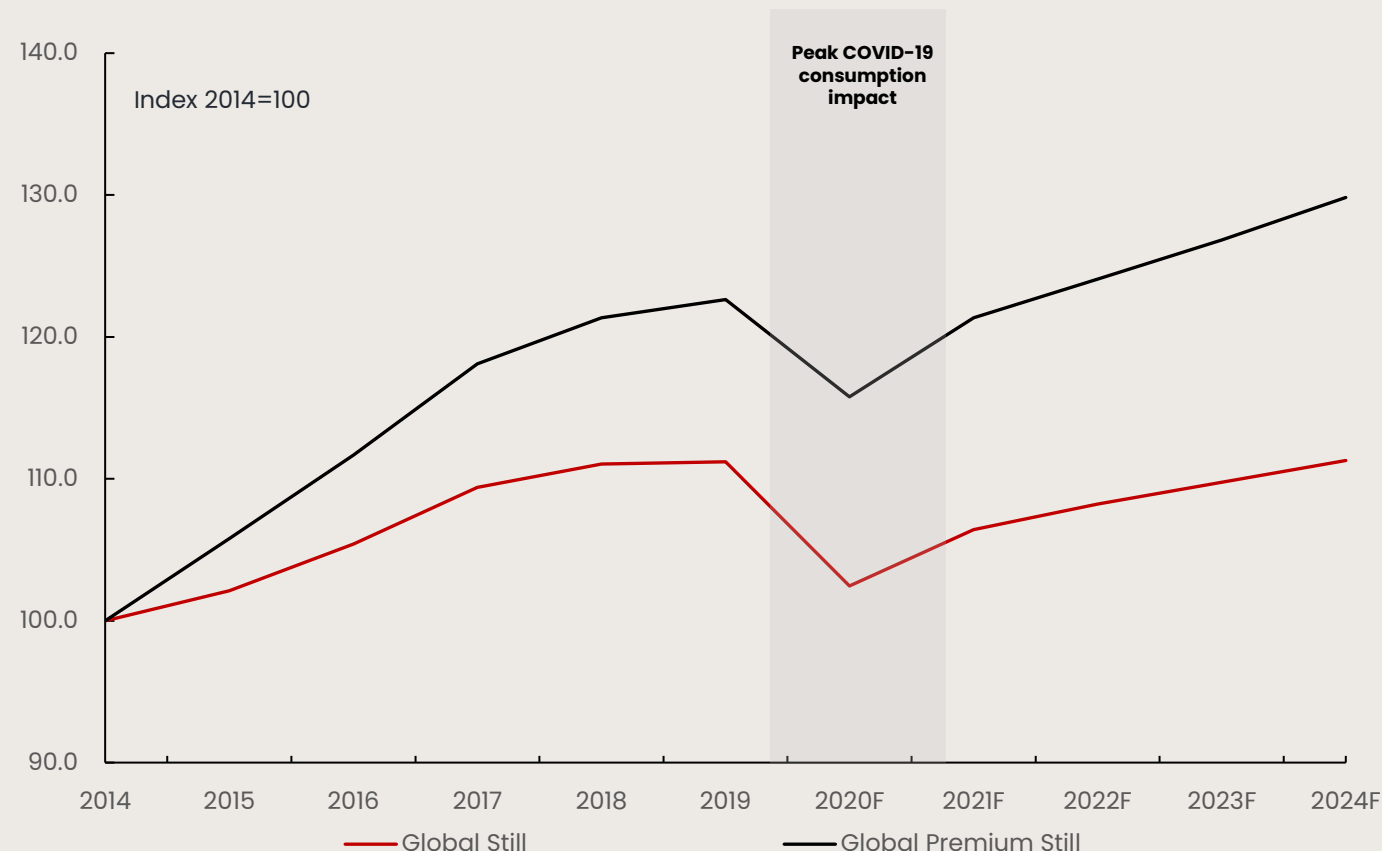
Our portfolio strategy & innovation roadmap will leverage these emerging trends and opportunities

Sustainability

Global wine consumption

Category trends remain strong, led by premium wine consumption

Global still wine consumption trends¹



Strong growth trends being led by premium price points

Consumers are trading up, driven by younger consumers who are spending more on wine and the continued emergence of the 'buy better' trend

Consumers are also prioritising trusted and unique brands as part of their purchase decision

The COVID-19 pandemic drove an overall decline in consumption:

- Impacts from social and travel restrictions on hospitality
- Partly offset by increased purchasing through retail channels

Strong recovery trends are forecast, with premium wine expected to outpace the overall category in key global markets

Our premium wine portfolio is well placed to harness these strong consumer trends



TWE *Ambition* To be the world's **most admired premium** wine company

TWE *Way* We **boldly lead change** in the world of wine

TWE *Game* PLAN

Consumer
focused premium
brand portfolio

Multi-regional &
multi-channel
sales models

World class talent

Sustainable &
multi-regional
sourcing &
winemaking

Deep, long-term
partnerships &
networks

TWE *DNA*

We bring our whole self

We are courageous

We deliver together

The Game Plan

Consumer focused premium brand portfolio

- Consumer-led and experience focused marketing as our advantage
- Focused portfolio of brands with clear and differentiated roles
- Core objective to drive more consumption occasions
- Bold, consumer need driven innovation to build the future

Multi-regional & multi-channel sales models

- Strengthened leadership positions
- US established as a premium wine growth business
- Targeted growth through markets Asia and Europe
- Category leadership with key retailers
- Acceleration in direct to consumer and e-commerce channels – ours and our retail partners

World class talent

- The TWE DNA at the heart of everything we do
- Employee experience focused culture – a great place to work
- Broad diversity and inclusion agenda
- Continuous learning through the TWEforME Academy
- Technology to enable collaboration, connection and development

Sustainable & multi-regional sourcing & winemaking

- Continued building and diversification of global sourcing model
- Consumer led winemaking at the best cost
- Sustainable supply chain with a focus on water surety, emissions, climate adaptation and packaging
- Fit for purpose asset base structured to deliver sustainable performance now and in the future

Deep, long-term partnerships & networks

- Mutually beneficial partnerships – customers, growers, suppliers, communities, lenders, government and industry bodies
- Leverage third party expertise for non-core activities

Our new operating model

Increased focus and accountability to unlock our long-term growth potential



We remain focused on quality growth

Our goal: drive growth, profit, efficient capital usage and sustainable shareholder returns

TWE growth objectives

Deliver sustainable top-line growth and high-single digit average earnings growth over the long-term¹

**Premiumise
our sales mix**

**Expand EBITs
margin 25%+**

**Restore and grow
our ROCE**

We remain focused on quality growth

Each division will contribute differently towards delivery of the TWE growth objectives

Drivers of TWE growth objectives

Key metrics		 Treasury Premium Brands	 Treasury Americas
Luxury & premium % <i>'Premiumise sales mix'</i>		Reshape portfolio, focused on growing luxury and premium offerings	Reduction in commercial portfolio will significantly transform sales mix
NSR <i>'Top-Line'</i>	Focus on new customers and growing global availability		Premium, luxury momentum and innovation
EBITS <i>'Bottom-Line'</i>	Maintain mix and average margin to ensure NSR growth translates into strong profit delivery	EBITS growth to be driven by improved mix and significant cost opportunities	Top-line growth complemented by COGS and cost optimisation
ROCE		Implement a fit for purpose cost and capital base	Optimise capital base through asset rebalancing



TREASURY
WINE ESTATES

The premium wine consumer

Angus Lilley



Reshaping TWE to be consumer experience driven



Enablers



Insight-focused



Digital experiences



Focused portfolio



Disruptive mindset

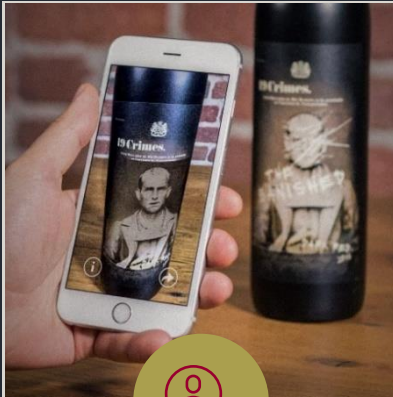


Talented team

Globally validated five key consumer drivers of future wine growth

**Consumer
opportunity**

**Category
growth
strategy**



Discovery

“ Help me
discover more ”

Unlocking new
consumers, new wine
occasions and
emerging varietals



Refreshing sociability

“ Help me share
something
refreshing ”

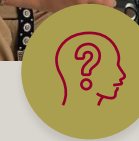
Bringing the sociability
of wine to non-wine
refreshment occasions



Step up

“ Help me choose
something special ”

Enhance consumers'
desire to either look or
feel statusful via
elevated selections



Conscious consumption

“ Help me make more
conscious choices ”

Connect to consumers'
values and purpose – to
do better for you, better
for the community or
better for the planet



Comfort of home

“ Help me reconnect
at home ”

Celebrating consumers'
“new normal” – with ways
to socialise, relax and
dine with wine at home

Bold innovations to retain & recruit for the future

19 Crimes Snoop Cali Red #1 US WINE INNOVATION OF 2020¹



Penfolds Shangxia Luxury collaboration

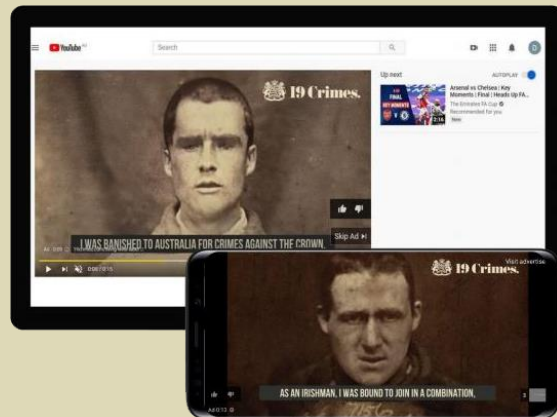


Lindeman's Conscious Consumption Relaunch

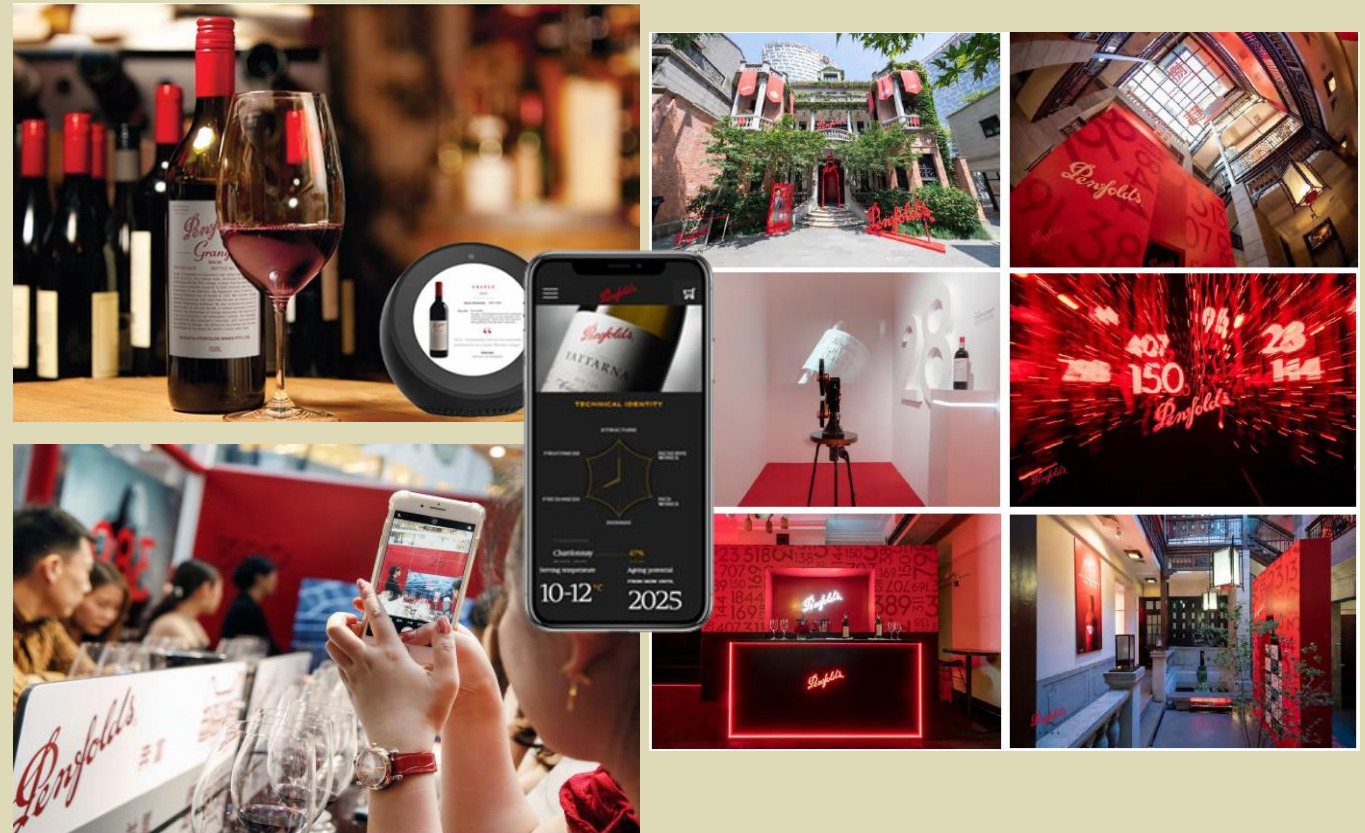


Digital-first experiences to enrich consumer engagement

Multi-brand digital media innovation



Global digital innovation



Building a long-term roadmap for luxury growth



Largest investment in luxury wine intelligence

Markets



Australia



UK



USA



China



Context & Discovery Phase

6,500

survey interviews with consumers who have bought premium wine (+\$20) in the past twelve months

100x

in-depth interviews with luxury consumers

6x

interviews with luxury opinion experts from around the globe



Uncover **codes and cultural trends** in Luxury beyond alcohol



Better understand Luxury consumers' **needs and choices**



Who is the luxury wine buyer of today and tomorrow and their behaviours?



What are the luxury wine occasions and the strength of needs/desires and current solutions?



How can we recruit and trade up to drive a price premium?

1



Fine wine is a product but luxury wine is an elevated **experience**

2



Time, quality and experience remain true to luxury, but **cultural overlays** are changing the way brands go to market

3



The Chinese luxury consumer has very **different expectations** of luxury brands

4



There is an increasing expectation that **luxury should do good, be good and be good for you**

5



Recruitment starts early. Gifting, on-premise, family & friends are key recruiters

6



There is a significant opportunity to unlock more occasions for **younger consumers and female consumers**

7



Luxury starts at **\$50/£50/1000RMB** in the minds of the consumer

8



The **more you know the more you spend**

We have identified 8 clear opportunities to grow luxury





TREASURY
WINE ESTATES

Building our future

Stuart Boxer
Tom King
Peter Neilson
Ben Dollard
Kerrin Petty



We have re-imagined our growth model

TWE *Ambition* to be the world's **most admired premium** wine company



What has driven our success to date?

Transition to a premium focused brand and consumer-led business

Diversification of our global business

Building of advantaged distribution platforms

Accelerated investment in premiumisation

Establishment of an efficient, agile and fit for purpose cost and global asset base

Instilling of an agile, resilient and growth minded culture



What were the limitations?

Untapped growth opportunities for our portfolio outside of Penfolds

Global and regional matrix structures creating blurred accountabilities

Tendency for broad 'all things to all consumers and all customers' strategies

Some benefits of scale not being unlocked or realized



What do we need for the next stage?

Elevated and separate focus on brands and consumers

Enhanced autonomy and accountability to drive superior business performance

Increased leverage of our **global scale**

Take advantage of opportunities in **global wine markets**

Divisional operating model

Brand & consumer-led divisional model to drive increased focus and accountability, unlocking our long-term growth potential

- 1** Brand & consumer-led focus, tailored to each divisions unique strategic, geographic and consumer characteristics
- 2** Commercial decisions are made closer to the end consumer
- 3** Increased accountability for operational and financial performance
- 4** Supply to act as an efficient service provider to the divisions
- 5** Streamlined structure eliminates duplication and ambiguity in decision making
- 6** Continue leveraging our global scale to keep costs low and ensure efficient access to capital



Central functions

Treasury Business Solutions and corporate to leverage our global scale and support divisional priorities

Treasury Business Solutions

A trusted solutions provider, leveraging scale to drive growth, efficiency and innovation

Relentless focus on continuous improvement and automation

Deliver solutions that sustainably drive efficiency and improved business outcomes

Cultivate long-term partnerships within TWE and leverage third party expertise for non-core business activity



Financial services



People services



Customer services



Supplier services

Corporate

Streamlined corporate centre

Responsible for:

- Culture
- Sustainability and diversity
- Performance management
- Group strategy and planning
- Global growth opportunities
- Governance
- Capital management
- Stakeholder management

Integrated business strategy



The world's most admired premium wine company

Penfolds

A global luxury icon

- Scale luxury status to drive global demand
- Grow distribution and availability
- Optimise portfolio for long-term growth

SUPPLY

Treasury Premium Brands

The world's most inventive branded wine business, bringing the pleasure of premium wine to more people on more occasions

- Strategic expansion of focus brand portfolio
- Grow new markets and channels
- Implement fit for purpose cost and capital base

TREASURY BUSINESS SOLUTIONS

Treasury Americas

The premium wine market leader in the Americas

- Accelerate performance of focus brand portfolio
- Drive consumer led innovation and portfolio expansion
- Asset, portfolio and cost optimisation

CORPORATE

Service provision aligned to division needs & strategic objectives



TREASURY
WINE ESTATES

Penfolds

Tom King



Penfolds **Vision**

A global luxury icon

Penfolds

MEET EXTRAORDINARY



Penfolds snapshot

Worlds most
admired
wine brand¹



Penfolds Grange
24x perfect
score recipient



Sold in over
60
markets



A\$50+
Portfolio
centre of gravity



Unparalleled
**global luxury
asset base**

3 wineries
30
vineyards²



¹ Drinks International annual poll (2016, 2019)

² Owned and leased vineyards



What does it mean to be a global luxury icon?



A leader in wine but loved by consumers for being more than a wine brand



Mentioned in the same breath as other iconic luxury houses



Known and loved by consumers around the world



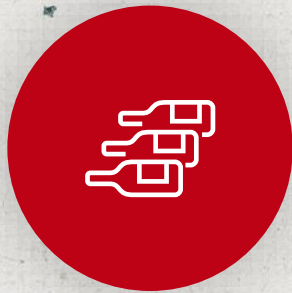
Maintained relevance with consumers and luxury experiences that draw them back

Inspire consumers to talk about, gift, recommend, collect, cellar and drink Penfolds

Like no other wine brand in the world



Rich and authentic history with exceptional luxury credentials



Highly acclaimed portfolio reflecting unique and renowned winemaking style



Multi-tier brand portfolio delivering breadth of luxury experiences



Global distribution footprint centred around high-growth markets



Growing, global multi-regional sourcing model and unparalleled luxury asset base

Strategic growth drivers



Scale Penfolds luxury status to drive global demand and recruit new consumers



Grow global distribution and availability



Optimise portfolio for long-term growth





Penfolds global consumer

Appealing to a diverse range of
experience seeking luxury consumers



New Luxurians

Emerging category knowledge
Like to follow cultural trends
and explore new experiences



Connoisseurs

High category knowledge
Passionate about wine and
experiences



Scale luxury status to drive global demand



Accelerate engagement with the new age of luxury consumer



Deliver elevated luxury experiences that go beyond the product



Be culture led and disruptive to recruit new consumers



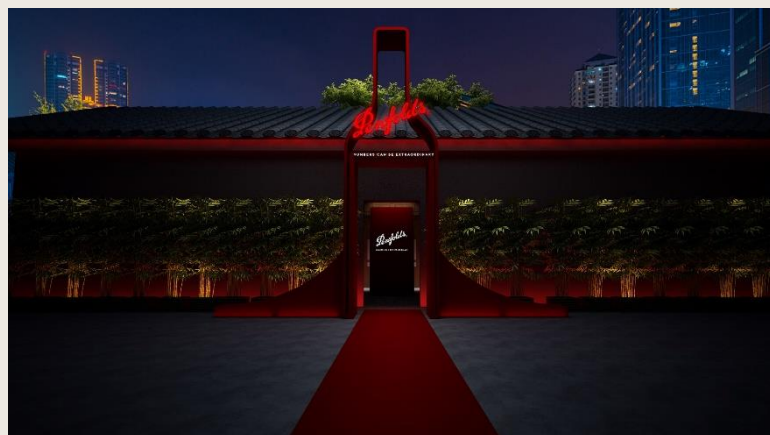
Collaborate with brand advocates and opinion leaders





Penfolds House Chengdu

April 2021





Collaborating with brand advocates and opinion leaders





Grow distribution and availability

Build distribution and availability across consumer facing channels **globally**



Scale DTC and e-commerce



Become the on-premise wine of choice in priority global cities



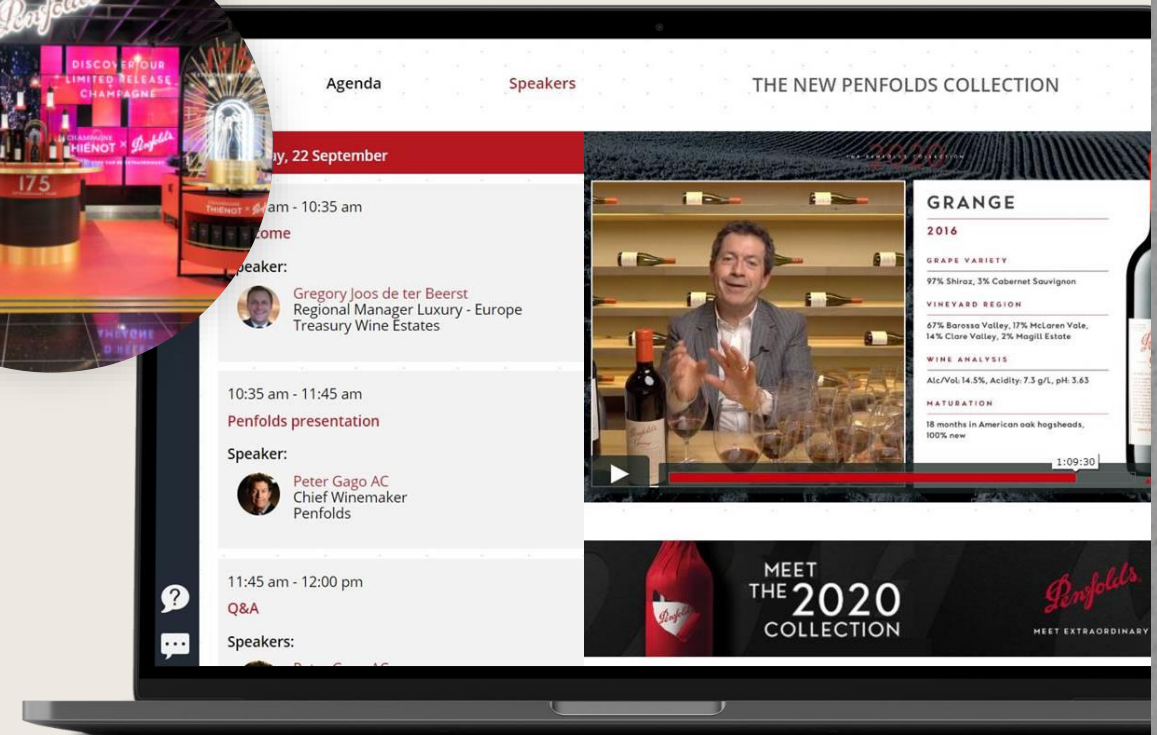
Increase our presence as the ultimate luxury showcase in global travel retail



Harness direct to collector opportunities



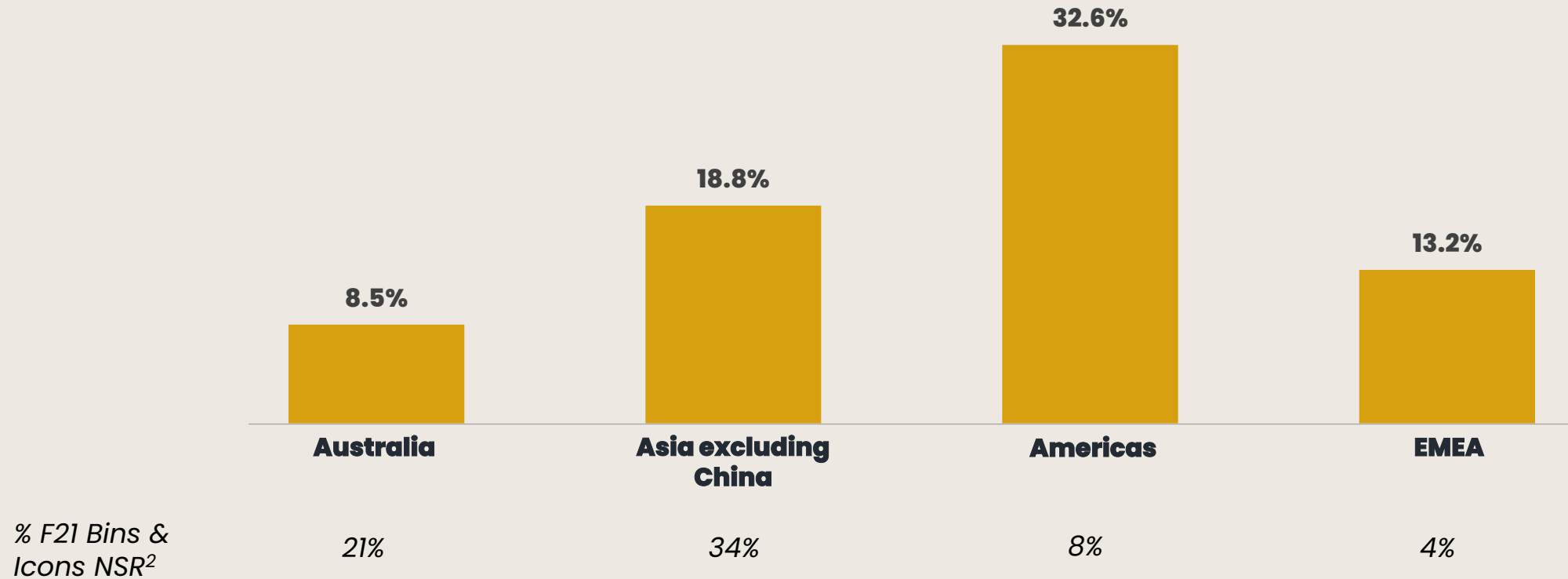
Grow in luxury focused independent retail





Penfold's global growth

Penfold's Bins & Icons – four year NSR CAGR¹ by market



¹ Four year period from F17-F21 (estimate)

² F21 estimate



Grow distribution and availability

Key channel and market opportunities

Asia (ex China)

Key Initiatives for Growth



Distribution amplification through RTM optimisation, e-commerce expansion and fine wine retail



Emerging markets – visibility, awareness, promotion, education & investment



Mature markets – accelerate focus on luxury connoisseurs



Accelerate in direct to consumer, on-premise and travel retail



Established and growing luxury wine market

Luxury wine market size¹: \$5.6bn, 5-year CAGR +5%

Penfolds brand awareness: 10-50%



Grow distribution and availability

Key channel and market opportunities

Australia

Key Initiatives for Growth



Availability in Independent retail via investment



Amplify convenience proposition



Increase brand awareness of entry level tiers for new consumers



Accelerate in direct to consumer, on-premise and travel retail



Established and growing luxury wine market

Luxury wine market value¹: \$1.2bn, 5-year CAGR +6%

Penfolds brand awareness: 75%



Grow distribution and availability

Key channel and market opportunities

United States

Key Initiatives for Growth



Penfolds to partner with Treasury Americas in the US



Amplification of both California & Australian collections



Investment to build brand awareness outside of collectors and the trade



Accelerate in direct to consumer, on-premise and travel retail



Established and growing luxury wine market

Luxury wine market value¹: \$6.6bn, 5-year CAGR +7%

Penfolds brand awareness: 10%



Grow distribution and availability

Key channel and market opportunities

EMEA

Key Initiatives for Growth



Amplify distribution and multi-channel availability, led by retail and e-commerce



Invest to increase brand awareness and heightened consumer experiences



Accelerate in direct to consumer, on-premise and travel retail



Established and growing luxury wine market

Luxury wine market value¹: \$17.7bn, 5-year CAGR +2%

Penfolds brand awareness: 30% (UK)



Portfolio hierarchy

Differentiated luxury experiences
across portfolio price points



\$950+

Luxury

Limited editions

Icons



SPECIAL
BOTTLEINGS

Bins

\$30

Premium

MAX'S

KOONUNGA HILL

\$10

Commercial



Optimising the portfolio for long-term growth

Prioritise growth of Bins & Icons ranges and maintain pricing and margin structure

Recruit new Penfolds consumers with Koonunga Hill and Max's

Californian and French collections to increase accessibility, diversify sourcing and unlock new revenue streams





Expanding the portfolio with new COOs

Multi regionally sourced, made to the Penfolds style and quality standard

US COO

Released March 2021

Icons



Quantum Bin 98

Luxury



Bin 600



Bin 704



Bin 149

French COO

2023 release

Icons

Luxury



Icon and luxury wines
from the finest regions
in France



Californian collection

Outstanding market response following inaugural collection release



2018 Quantum Bin 98

Cabernet Sauvignon
RRP US\$700

100pts

Somm Journal



2018 Bin 149

Cabernet Sauvignon
RRP US\$149

98pts

Andrew Caillard



2018 Bin 704

Cabernet Sauvignon
RRP US\$70

96pts

Wine Enthusiast



2018 Bin 600

Cabernet Shiraz
RRP US\$50

93pts

James Suckling

Key Financials

Historical performance¹

	F18	F19	F20
Volume (m9LE)	2.1	2.8	2.5
NSR (A\$m)	544.3	816.0	765.2
NSR/Case (A\$)	255.3	287.3	312.2
EBITS (A\$m)	225.2	363.3	357.3
EBITS margin (%)	41%	45%	47%
Luxury and premium (% NSR)	100%	100%	100%

Historical growth driven by increasing product availability and portfolio mix improvement

In F20 COVID-19 impacts on luxury wine consumption (closed channels and disrupted consumption occasions) resulted in lower volumes and elevated mix

Future financial priorities

Grow NSR



Focus on recruiting new consumers and growing global availability

Grow EBITs



Maintenance of product margin to ensure NSR growth translates into strong profit delivery

Maintain leading margin



40-45% EBITs margin, including investment to grow distribution

In summary

Penfolds is **like no other wine brand** in the world

We will leverage **our outstanding luxury credentials** to expand our global consumer base

We are very confident of the **growth opportunity** for Penfolds in global luxury markets





TREASURY
WINE ESTATES

Treasury Americas

Ben Dollard





Treasury Americas Vision

The premium wine market
leader in the Americas



Treasury Americas snapshot

A key player in the world's
largest premium wine market

#2 in
luxury wine¹



90%
Luxury and
premium NSR²



10 Focus
Brands



Leading
Napa Valley
asset base



8 wineries



A\$800m
revenue



45
vineyards³

¹ IRI Total US, MULO and convenience, 52 weeks ending 21 March 2021

² 1H21 pro-forma excluding divested commercial brands

³ Owned and leased vineyards

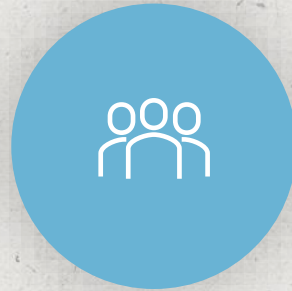
Treasury Americas **has the key ingredients for growth**



Focus brand portfolio of trusted premium brands with strong momentum .



Collaborative and highly engaged distributor and retailer relationships



Leadership team who know how



Bold consumer-driven innovation capability



Leading Napa valley asset base, including world class cellar doors



Lifestyle

- Provide an entry point to wine
- Opportunity to win more occasions
- Partnerships to access new consumers
- Conscious consumption

Treasury Americas Consumer

**Experience
driven at
all touch
points**



Luxury

- Entering category in late 20's
- Opportunity with Female Luxurian
- The luxury category is evolving
- Gifting and reward are key purchase triggers

Market & channel landscape

The landscape is shifting...

...TWE Americas is winning today and well positioned to accelerate in growing channels



US is the **2nd fastest growing** Premium wine market in the world¹

Premiumised portfolio and admired brands



Retail is currently **77%** of the market²

Premium price points growing at **20%**³

*Cali Red and Rose have shown excellent growth
St. Huberts' The Stag and Beringer Brothers gaining distribution
Matua outpacing the category
Stags' Leap and Beaulieu Vineyard delivering double digit growth*



3-Tier e-commerce is estimated to grow **5x by 2024**⁴
Millennials and Gen Z buying more wine at higher prices

*Newly invested in e-commerce capabilities
Best in class planning and partner collaboration
Undertaking detailed omnichannel consumer research study*



DTC is estimated to **double by 2024**⁴

*Strong, loyal and profitable wine clubs
Acclaimed and beloved wines and cellar doors
Newly invested e-commerce platform*



On-premise is poised for a comeback and is estimated to return to **18% of the market by 2024**⁴

*Luxury sales team creating relationships, driving velocity
Consumer and insights led strategy to win as on-premise comes back in the US
Stags' Leap leading on-premise luxury brand*

¹ IWSR 2020. Still, sparkling and fortified wines, value growth, countries with sales greater than \$1bn

² IWSR 2020. Still, sparkling and fortified wines, volume

³ IRI Total US, MUO and convenience, 52 weeks ending 21 March 2021, US\$10+

⁴ IWSR e-commerce strategic study 2020, USA

Priority portfolio hierarchy

Premium portfolio with growing luxury distribution and velocity

Luxury

\$30

Premium

\$10

Commercial

Beaulieu Vineyard
SINCE BV 1900

BB
BERINGER
ESTD 1876

Stags Leap

Etude

Penfold's

STERLING
VINEYARDS

MATUA

19 Crimes

SINCE 1876
BERINGER
BROS.
BOURBON BARREL AGED WINES

ST HUBERTS THE STAG

Portfolio momentum¹

#1 new wine innovation of 2020



Fast growing NZ Sauv Blanc +30%



#1 Spirit barrel age wine in \$15-20 segment



Top 20 Ultra Premium Cab Sauv



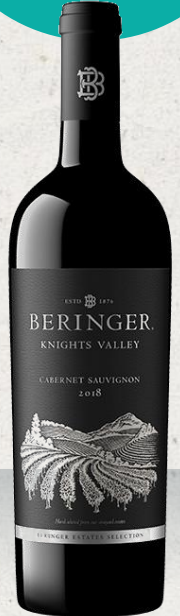
+25% increase in Luxury sales



Top 5 super Luxury brand



Over 20 90+ scores across 25 vintages



Strategic growth drivers



Drive relentless focus throughout the business



Portfolio expansion through bold innovation, leading luxury credentials and accelerating in e-commerce



Asset, portfolio and cost optimisation





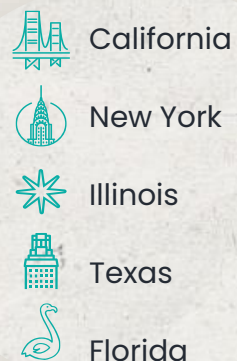
Our business is all about focus

Relentless focus on consumer trends, preferences, need states, path to purchase and experiences

Priority Brands



Priority Markets



Priority Customers



Wholesale Network



Growth Priorities

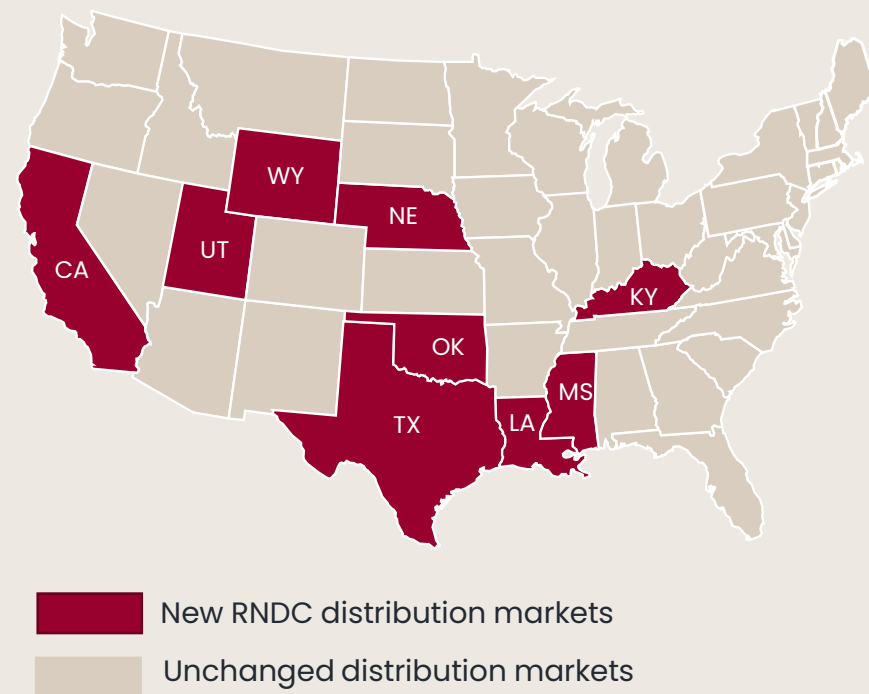




Distribution model update

- We recently completed a detailed review of our US distribution model, which focused on:
 - Our future state premium US wine business following the recent commercial portfolio divestiture
 - Improving our independent retail performance in California
 - Changes to the competitive landscape in the US wine market
- Long-term agreement reached with Republic National Distributing Company (RNDC) to distribute our portfolio of luxury and premium wines throughout several states including California and Texas
- Commencing as early as July 2021
- This partnership will drive continued growth across our premium and luxury portfolio, supported by RNDC's:
 - Best in class relationships with national and regional accounts
 - Exceptional fine wine and e-commerce capabilities
- The remainder of our distribution network continues to perform well, and no further changes are planned

US distribution map





Delivering **bold innovation**



Penfolds California collection

Launched March 2021



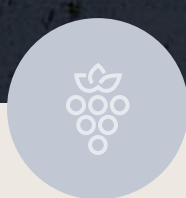
19 Crimes Cali Rose

Launched April 2021



Matua Lighter range

Shipping June 2021



19 Crimes

Cali Rose





Leading with **our luxury credentials**

Create industry leading luxury activation, story-telling, education and experiences



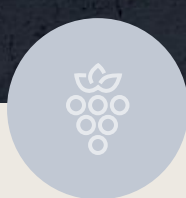
Scalable DTC
platforms



Dedicated luxury
sales model



Best in class Wineries
and Vineyards



Our luxury portfolio





Driving acceleration in e-commerce

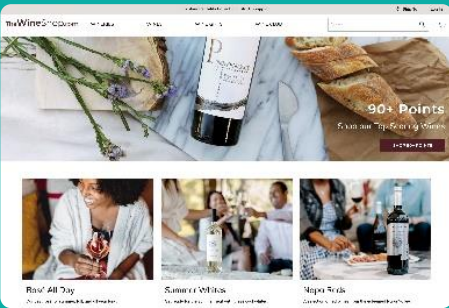
Easy to Find. Easy to Buy. Easy to Enjoy.

Branded E-Comm/ DTC

Measurable channel where we are outpacing market

New platform with upside for optimization

Innovation opportunities



Digital Marketing

Digital marketing driving awareness and conversion

Cuts across DTC, 3-tier e-commerce, and Brand Marketing

Retailer sites becoming pay-to-play advertising portals

B2B / 3- Tier E-Comm

Dedicated resources

Improved customer integration

Enhanced promotional activity





Asset, portfolio and cost optimisation



Complete restructuring initiatives across brand portfolio and asset base



Pursue opportunities to fill key portfolio gaps, organically or through M&A

Financial priorities

1

Adjust operating model and organisation structure

Completed

\$35m+ benefit being delivered from F21 onwards

2

Divestiture of non-priority brands and assets

In progress

- Several commercial tier brands divested in March 2021
- Exploring additional brand, operating asset and lease rationalisation opportunities

3

Restructuring of supply chain to reduce COGS

In progress

- Right size the asset base
- Reduce US supply chain dis-synergies following commercial portfolio exit

Future state business with broadly half the volume, similar earnings¹ and progress towards 25% EBITs margin ambition

Financials

Historical performance¹

	F18	F19	F20	F20PF ²
Volume (m9LE)	13.5	13.9	12.3	7.6
NSR (A\$m)	935.4	1,084.4	1,014.6	810.8
NSR/Case (A\$)	69.1	78.2	82.6	106.8
EBITS (A\$m)	188.1	202.5	120.2	130.2
EBITS margin (%)	20%	19%	12%	16%
Luxury and premium (%NSR)	62%	66%	69%	86%

Portfolio premiumisation was the driver of top-line and EBITs growth through F18 and F19.

In F20, performance was impacted by challenging conditions in the US wine market, due to increased levels of supply, and the impact of COVID-19 disruptions on key luxury wine sales channels including cellar doors, travel retail and on-premise.

¹ Historical financials remain subject to audit review

² Proforma financials adjusted for commercial portfolio brands divested March 2021 and organisational structure changes. Does not include any future benefit from supply chain optimisation initiatives or synergies.

Future financial priorities

Premiumise sales mix

Reduction in commercial portfolio will significantly transform sales mix



Grow NSR

Premium and luxury momentum and innovation



Grow EBITs

Topline growth plus cost and COGS optimization



Expand margin

25% EBITs margin ambition



In summary

Treasury Americas is a **fundamentally changed business** that is well placed for sustainable long-term success

Our business **is all about focus:** brands, markets, customers and growth priorities

We have an outstanding premium portfolio that is **growing ahead of the market** and is led by innovation

