



## TREASURY WINE ESTATES

23 October 2023

ASX ANNOUNCEMENT

### **Expedited review of tariffs on Australian wine imports into China**

Treasury Wine Estates Limited (ASX:TWE) welcomes yesterday's announcement by the Australian government that a review of tariffs on Australian wine into China will commence and is expected to take up to five months.

TWE, for the past 20 years, has worked with customers and partners in China to demonstrate its long-term commitment to the growing number of Chinese consumers who enjoy TWE's brands. Since the application of tariffs on Australian wine in November 2020, TWE has maintained this commitment, including retaining experienced and strong sales and marketing leadership in China, as well as continuing to build its industry and customer relationships through its ongoing growth of multi-country of origin products, including the first Chinese sourced and produced luxury Penfolds wine.

Therefore, TWE is well placed to rebuild its business in China, should tariffs be removed at the end of the review period, through a series of plans which would be implemented progressively over time.

Should tariffs be removed, TWE's plans to rebuild its business in China include but are not limited to the following:

- Continuing TWE's existing multi-country of origin portfolio growth strategy, led by Penfolds' French, US and Chinese portfolios.
- Re-building distribution for the Penfolds Australian entry level luxury portfolios in China—including Penfolds Max's, Koonunga Hill and One by Penfolds.
- Reallocating a portion of Penfolds Luxury and Icon tiers from other global markets, to progressively re-build distribution in China while maintaining strong momentum of growth in those other markets.
- Re-building distribution for the Treasury Premium Brands Australian priority portfolios in China including Rawson's Retreat.

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- Incremental sourcing for Penfolds Luxury and Icon tiers to meet existing and future demand, noting that the age of release of these wines will be between three and five years.
- Investment in further sales and marketing resources within China to re-build the distribution footprint of Penfolds.
- TWE will continue to apply its globally standardised margin structure to Penfolds sales globally, to ensure long-term brand health and price integrity. This ensures that sales prices and margins from luxury wine are materially consistent in all markets.

Should tariffs be removed, these measures will be implemented sustainably and with the aim of growing the business in China, but not at the expense of the long-term growth opportunity in other key markets.

TWE CEO Tim Ford commented:

“It’s great to see an agreement for an expedited pathway forward to allow our Australian brands and wine to be sold in the Chinese market. There are only positives to come out of a favourable review for the Chinese consumer, customers and the wine category, for the Australian wine industry and for TWE.

Both governments have worked constructively to achieve this outcome and we now look forward to a new era of positive engagement that ultimately will build a strong and growing China wine category should the review see the removal of these tariffs.”

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.

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