TREASURY WINE ESTATES

INTERIM 2024 RESULTS ANNOUNCEMENT 15 FEBRUARY 2024

TWE's 1H24 Group performance in line with expectations
1H24 NPAT down 5.9% to $182.3m and EPS down 7.5% to 24.6cps[1]

Announcement headlines

- EBITS down 5.8% to $289.8m, reflecting the planned weighting of Penfolds Bin and Icon shipments in F24 to 2H24
- Penfolds continued its strong momentum, particularly in Asia and Australia, while Treasury Americas and Treasury Premium Brands EBITS declined
- Top-line performance stable with Luxury NSR up 4.3%, offset by lower Premium and Commercial portfolio sales which declined 2.0% and 6.5% respectively
- Market trends were broadly in line with expectations, with continuing strength of demand for Luxury wine in key markets, resilience in Premium wine and the continued shift of consumer preference away from Commercial wine
- TWE is prepared and well placed to commence re-establishing its Australian country of origin portfolio in China should the current review into tariffs on Australian wine imports see their removal
- Following the acquisition of DAOU, which was completed in December 2023:
  - Treasury Americas is focused on driving its leading US brand portfolio and platform, with normalised availability of Luxury wine expected to support incremental growth from F25; and
  - Work is underway to assess the future operating model for TWE's global portfolio of Premium brands, with a determination to be made during CY24
- Given the deliberate half on half weighting in F24, TWE expects a stronger 2H24 to deliver mid-high single digit organic EBITS growth for the full year, excluding the expected EBITS from DAOU of US$23-25m in 2H24

Group financial summary

A$m (unless otherwise stated)	1H24	% Chg. Reported	% Chg. Constant Currency
Net Sales Revenue (NSR)	1,284.3	(0.0)%	(2.3)%
NSR per case (A$)	118.4	9.1%	6.6%
Earnings Before Interest, Tax, SGARA and Material items (EBITS)	289.8	(5.8)%	(9.8)%
EBITS Margin	22.6%	(1.4)ppts	(1.9)ppts
Net Profit After Tax	166.7	(11.4)%	(16.9%)
Earnings Per Share (A$ cents)	22.5	(12.9)%	(18.4)%
Net Profit After Tax before Material Items and SGARA	182.3	(5.9)%	(11.6)%
Earnings Per Share before Material Items and SGARA[2] (A$ cents)	24.6	(7.5)%	(13.2)%

- NSR of $1,284.3m was in line with the pcp, with Luxury portfolio growth driven by continued positive momentum for Penfolds and modestly increased availability in Treasury Americas, offset by reduced Premium shipments in Treasury Americas and reduced Premium and Commercial shipments in Treasury Premium Brands
- NSR per case increased 9.1%, driven by the ongoing premiumisation of TWE's portfolio mix towards Luxury wine
- COGS per case increased 15.8% as a result of portfolio mix and the sell through of higher cost vintages in Treasury Americas and Treasury Premium Brands, while CODB improved 7.9%, reflecting improved overheads in Treasury Premium Brands and the timing of promotional brand investment
- Post-tax material items loss of $29.0m, primarily related to one-off costs associated with the acquisition of DAOU
- ROCE 11.1%, down 0.1ppt versus the pcp[3]
- Cash conversion 75.2%; excluding the net change in non-current Luxury and Premium inventory, cash conversion was 66.1%, with full year delivery expected to be approximately 80%
- Net Debt to EBITDAS 2.2x[4] (up from 1.7x in the pcp), following the acquisition of DAOU and benefited by favourable currency translation; deleveraging expected from 2H24 returning to target 1.5-2.0x range by end of F25
- Interim dividend of 17.0 cents per share declared, 70% franked, representing a payout ratio of 76% NPAT and a 6.2% increase in value on the pcp

[1] Unless otherwise stated, all figures and percentage movements within commentary are stated on a reported currency basis versus the prior corresponding period, are pre-SGARA and material items and are subject to rounding. NPAT and EPS exclude earnings attributable to non-controlling interests.
[2] Earnings per share for the half year ended 31 December 2022 has been restated, in accordance with AASB 133, for the dilutive effects of the rights issue executed during the current financial year to ensure consistency period on period. Refer to Note 8 of the 2024 Interim Results Appendix 4D for details.
[3] Capital employed adjusted to exclude net assets and debt associated with the acquisition of DAOU
[4] Net debt to EBITDAS includes last twelve months EBITDAS of DAOU

Performance overview

A$m	1H24	% Chg. Reported	% Chg. Constant Currency
NSR			
Penfolds	448.1	9.2%	8.2%
Treasury Americas	447.7	(4.3)%	(6.5)%
Treasury Premium Brands	388.5	(4.5)%	(7.9)%
Group	**1,284.3**	**(0.0)%**	**(2.3)%**
Luxury & Premium (%NSR)	*86.0%*	*0.9ppts*	*1.2ppts*
EBITS			
Penfolds	186.9	2.9%	3.5%
Treasury Americas	93.1	(17.5)%	(23.3)%
Treasury Premium Brands	45.8	(3.2)%	(14.9)%
Corporate	(36.0)	(5.4)%	(4.4)%
Group	**289.8**	**(5.8)%**	**(9.8)%**
EBITS Margin (%)	*22.6%*	*(1.4)ppts*	*(1.9)ppts*

- Penfolds reported a 2.9% increase in EBITS to $186.9m and an EBITS margin of 41.7% (down 2.6ppts). The result was driven by strong momentum across the portfolio in Asia and Australia. Growth was moderated by the planned weighting of shipments in F24 to 2H24, particularly for the Bin and Icon portfolio, in order to retain the flexibility of Penfolds global distribution and pricing models should there be a positive outcome in relation to the review of tariffs on Australian wine sold into China. Portfolio mix and higher COGS from the sell through of higher cost vintages drove the decline in EBITS margin, which is expected to improve in 2H24. On a constant currency basis, NSR and EBITS increased 8.2% and 3.5% respectively.
- Treasury Americas reported a 17.5% decline in EBITS to $93.1m and an EBITS margin of 20.8% (down 3.3ppts). Premium portfolio NSR declined 13.9%, driven by lower shipments of 19 Crimes Modern tier innovations released in 1H23, while the 19 Crimes Classics tier performed in line with the prior year. Modestly increased availability supported a return to NSR growth for the Luxury portfolio. Higher COGS reflected the sell through of the high cost, 2020 Californian vintage and was offset by lower CODB, which includes the planned phasing of promotional activity to 2H24. On a constant currency basis, NSR and EBITS declined 6.5% and 23.3% respectively.
- Treasury Premium Brands reported a 3.2% decline in EBITS to $45.8m and an EBITS margin of 11.8% (up 0.2ppts). While the priority Premium portfolio[5] NSR grew 7.8%, led by Squealing Pig and 19 Crimes, double digit declines in Commercial portfolio shipments and reduced Premium portfolio shipments in Asia contributed to a 4.5% divisional NSR decline. CODB improved following the organisational restructure in 4Q23 and realignment of brand investment with reduced divisional volume. On a constant currency basis, NSR and EBITS declined 7.9% and 14.9% respectively.
- Corporate costs increased 5.4% reflecting inflationary impacts, particularly in relation to IT costs.

Key areas of strategic focus

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

Expedited review of tariffs on Australian wine imports into China

The expedited review of tariffs on Australian wine imports remains ongoing, and TWE anticipates a determination to be made in March 2024, in line with the five-month review period announced last October. TWE is prepared and well placed to commence re-establishing its Australian country of origin portfolio in China, should there be a positive outcome from the review, and would pursue several key initiatives which include, but are not limited to:

[5] Includes 19 Crimes, Squealing Pig, Pepperjack, St Huberts The Stag and T'Gallant

- Continuing TWE's existing multi-country of origin portfolio growth strategy, led by Penfolds French, US and Chinese portfolios;
- Re-establishing distribution for Penfolds Australian entry level Luxury portfolio, which includes Penfolds Max's, Koonunga Hill and One by Penfolds;
- Implementing price increases across certain Bin and Icon tiers, given the expected shift in global demand relative to availability, while maintaining the standardised margin structure to Penfolds sales globally in order to ensure long-term brand health and price integrity;
- Reallocating a portion of Penfolds Bin and Icon tiers from other global markets to progressively re-build distribution in China while maintaining strong momentum of growth in those other markets where Penfolds has successfully grown its business in recent years;
- Re-establishing distribution for the Treasury Premium Brands Australian sourced priority portfolio in China, including Rawson's Retreat;
- Incremental sourcing for the Penfolds Bin and Icon tiers to meet existing and future demand, commencing with the upcoming 2024 Australian vintage, noting the three to five-year age of release; and
- Expanding sales and marketing resources and investment in China to support incremental portfolio growth over time

TWE's F24 and long-term earnings expectations do not assume any benefits from a positive outcome in relation to the tariff review.

Acquisition of DAOU

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

In calendar year 2023, DAOU delivered EBITS of US$63.7m, in line with expectations, driven by strong growth across all price tiers and across several key US markets. TWE continues to expect the EBITS contribution from DAOU to be in the range of US$23-25m in 2H24.

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

- Continued growth, ahead of the Luxury category, for the higher volume Discovery and Journey tiers;
- Accelerated growth in the ultra-Luxury tiers, supported by recently completed investments in Paso Robles vineyards and third-party sourcing footprint; and
- Portfolio innovation, including the launch of a Napa-appellated brand tier and COO outside of the US

The acquisition is expected to be EPS accretive (pre-synergies) and mid to high single digit EPS accretive (pro forma for cost synergies of US$20m+) in F25, the first full year of ownership[6]

Global Premium portfolio operating model

With the integration of DAOU progressing, TWE will create within Treasury Americas a separate sales and marketing focus between its Luxury and Premium portfolios, commencing from the beginning of F25. Longer term, TWE sees the potential to establish a standalone Treasury Americas Luxury division and thereby create a global Premium division, consisting of Treasury Americas and Treasury Premium Brands existing Premium portfolios. Work is underway to assess the future operating model for TWE's global portfolio of Premium brands, including how to best leverage scale across TWE's network, with a determination to be made during the 2024 calendar year.

Future perspectives

TWE's long-term financial objective remains to deliver sustainable top-line growth, high single-digit average earnings growth and, following the acquisition of DAOU, a Group EBITS margin target in the high 20% range. Supporting this objective will be continued portfolio premiumisation, growth in distribution, demand and availability for TWE's priority brands, cost optimisation and category leading, consumer-led innovation.

Given the deliberate half on half weighting in F24, TWE expects a stronger 2H24 to deliver mid-high single digit organic EBITS growth in F24, excluding the expected EBITS contribution from DAOU in 2H24. EBITS margin is expected to

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

normalise in 2H24, in line with the weighting of Penfolds Bin and Icon shipments to the period. Supporting this outlook, TWE expects global wine category consumer trends to remain broadly consistent, with continued strength of consumer demand for Luxury wine in key markets, resilience in Premium wine and the continued shift of consumer preference away from Commercial wine. TWE's F24 expectations do not assume any benefits from a positive outcome in relation to the review of tariffs on Australian wine imports.

Due to the deliberate phasing of Penfolds shipments in F24 to 2H24, the declared interim dividend of 17.0 cents per share reflects a 76% payout of 1H24 NPAT, a 6.2% increase in the value of the interim dividend declared versus the pcp. TWE expects that its total dividend payments with respect to F24 will be delivered in line with its long-term dividend policy, which targets a dividend payout ratio between 55-70% of NPAT[7].

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

"I am pleased with the ongoing underlying performance of Treasury Wine Estates this period, with strong consumer demand for our priority Luxury brand portfolio continuing around the globe.

"Penfolds continues to perform and strengthen, whilst Treasury Americas has made significant progress in reshaping its portfolio focus with continued growth of its Luxury brands now supported by the acquisition of DAOU in December. The Premium wine category, whilst resilient, is highly competitive and we continue to innovate and invest to achieve the goal of outperforming the category and importantly attracting new consumers to wine."

"The business is on-track to deliver mid-high single digit earnings growth in F24 and we remain confident that our premiumisation strategy, preeminent brand portfolio and attractive market fundamentals at Luxury price points will allow us to continue to deliver our long-term growth ambitions."

Important Information

This announcement is in summary form and is not necessarily complete. It should be read together with the Company's Annual Report for 30 June 2023, Appendix 4D for the half year ended 31 December 2023 and other announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

This announcement contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward-looking statements are subject to a range of risk factors. The Company cautions against reliance on any forward-looking statements, particularly in light of the current economic climate and potential impacts on consumer demand, risks in relation to the acquisition of DAOU, the impact of continued high inflation on business outcomes, global difficulties in logistics and supply chains, exchange rate impacts given the global nature of the business, vintage variations and the evolving nature of global geopolitical dynamics.

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

Conference call

Treasury Wine Estates will host an investor and analyst webcast and conference call commencing at 10:30am AEDT on 15 February 2024. Links to register are provided below. A replay of the presentation will also be available on the website www.tweglobal.com from approximately 2:00pm AEDT.

Conference call registration

https://s1.c-conf.com/diamondpass/10036044-hf87yt.html

Webcast registration

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

[7] Pre SGARA and Significant Items

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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Profit and Loss[8]

$Am (unless otherwise stated)	1H24	Reported Currency 1H23	Reported Currency Change	Constant Currency 1H23	Constant Currency Change
Volume (m9L cases)	10.8	11.8	(8.4)%	11.8	(8.4)%
Net sales revenue	1,284.3	1,284.5	(0.0)%	1,315.1	(2.3)%
NSR per case ($)	*118.4*	*108.6*	*9.1%*	*111.1*	*6.6%*
Other Revenue	29.1	23.9	21.7%	29.0	0.5%
Cost of goods sold	(768.2)	(723.6)	(6.2)%	(739.2)	(3.9)%
Cost of goods sold per case ($)	*70.8*	*61.2*	*(15.8)%*	*62.5*	*(13.4)%*
Gross profit	545.2	584.8	(6.8)%	604.9	(9.9)%
Gross profit margin (% of NSR)	*42.4%*	*45.5%*	*(3.1)ppts*	*46.0%*	*(3.5)ppts*
Cost of doing business	(255.4)	(277.3)	7.9%	(283.8)	10.0%
Cost of doing business margin (% of NSR)	*19.9%*	*21.6%*	*1.7ppts*	*21.6%*	*1.7ppts*
EBITS (before material items)	**289.8**	**307.5**	**(5.8)%**	**321.1**	**(9.8)%**
EBITS margin (%)	*22.6%*	*23.9%*	*(1.4)ppts*	*24.4%*	*(1.9)ppts*
SGARA	16.6	(29.0)	NM	(29.2)	NM
EBIT (before material items)	**306.4**	**278.5**	**10.0%**	**291.9**	**5.0%**
Net finance costs	(42.1)	(37.6)	(11.8)%	(38.3)	(9.8)%
Tax expense	(68.5)	(68.0)	(0.7)%	(68.4)	(0.1)%
Net profit after tax (before material items)	**195.8**	**172.8**	**13.3%**	**185.2**	**5.7%**
Material items (after tax)	(29.0)	15.4	NM	15.4	NM
Net profit after tax	**166.7**	**188.2**	**(11.4)%**	**200.7**	**(16.9)%**
Reported EPS (A¢)	22.5	25.8	(12.9)%	27.5	(18.4)%
Net profit after tax (before material items and SGARA)	**182.3**	**193.7**	**(5.9)%**	**206.2**	**(11.6)%**
EPS (before material items and SGARA)[9] (A¢)	24.6	26.6	(7.5)%	28.3	(13.2)%
Weighted average no. of shares[9] (m)	741.5	728.7	1.8%	728.7	1.8%
Dividend (A¢)	17.0	18.0	(5.6)%	18.0	(5.6)%

NSR declined 2.3%, with lower Premium and Commercial portfolio shipments partly offset by Luxury portfolio growth, driven by continued positive momentum for Penfolds and moderately increased Luxury availability in Treasury Americas

NSR per case increased 6.6%, driven by the ongoing premiumisation of TWE's portfolio mix towards Luxury wine; the contribution of the Luxury and Premium portfolio's is now 86% of Group NSR (up 1ppt versus the pcp)

COGS per case increased 13.4% as a result of portfolio mix and the sell-through of higher cost vintages in Penfolds, Treasury Americas and Treasury Premium Brands

CODB improved 10.0% driven by lower overheads in Treasury Premium Brands following the organisational restructure in 4Q23 and the phasing of advertising and promotional expenditure to align with shipment profiles and product launches planned for 2H24 in Penfolds and Treasury Americas

SGARA gain reflects increased intake from the 2023 Californian vintage

Net finance costs increased 9.8%, driven by higher interest rates and higher average net debt following the acquisition of DAOU

Tax expense decreased 0.1%, with the effective tax rate (before material items) declining to 25.9%, reflecting the tax benefits on the divestment of surplus supply chain assets

Material Items A post-tax net material items loss of $29.0m, has been recognised, which primarily relates to costs associated with the acquisition of DAOU

EPS (before SGARA and material items) declined 13.2% to 24.6 cents per share. Reported EPS declined 18.4% to 22.5 cents per share

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

[9] Earnings per share for the half year ended 31 December 2022 has been restated, in accordance with AASB 133, for the dilutive effects of the rights issue executed during the current financial year to ensure consistency period on period. Refer to Note 8 of the 2024 Interim Results Appendix 4D for details.

Divisional Performance Overview

Penfolds[10]

A$m (unless otherwise stated)	1H24	Reported Currency 1H23	Reported Currency %	Constant currency 1H23	Constant currency %
Volume (m 9Le)	**1.3**	**1.2**	**14.1%**	**1.2**	**14.1%**
NSR (A$m)	**448.1**	**410.2**	**9.2%**	**414.2**	**8.2%**
ANZ	124.0	119.6	3.7%	119.7	3.7%
Asia	256.8	220.8	16.3%	220.7	16.3%
Americas	30.9	33.6	(8.0)%	34.3	(9.9)%
EMEA	36.4	36.2	0.6%	39.5	(7.9)%
NSR per case (A$)	*337.3*	*352.2*	*(4.2)%*	*355.6*	*(5.2)%*
EBITS (A$m)	**186.9**	**181.6**	**2.9%**	**180.5**	**3.5%**
EBITS margin (%)	*41.7%*	*44.3%*	*(2.6)ppts*	*43.6%*	*(1.9)ppts*

Financial performance

Volume and **NSR** increased 14.1% and 8.2% respectively, driven by:

- Strong momentum across the portfolio in Asia, including growth of the Bin and Icon portfolio and entry level tiers, particularly One by Penfolds
- Continued gains in Australia, particularly across national accounts and travel retail
- Top-line growth was moderated by the planned weighting of shipments in F24 to 2H24, particularly for the Bin and Icon portfolio, in order to retain flexibility of Penfolds global distribution and pricing model pending the outcome of the expedited review of tariffs on Australian wine

NSR per case decreased 5.2% reflecting the impact to portfolio mix from the planned weighting of Bin and Icon shipments to 2H24, in addition to growth in the entry level tiers

COGS per case[11] increased 5.6% reflecting the sell-through of higher cost 2020 and 2021 Australian vintages in 1H24, relative to the lower cost 2019 Australian vintage that was being sold in the pcp

CODB[11] decreased 1.0% driven by the phasing of promotional expenditure to 2H24, partly offset by increased overheads

EBITS increased 3.5% to $186.9m and **EBITS margin** reduced 1.9ppts to 41.7%

Division insights

- Key 1H24 execution highlights include:
  - Strong top-line growth across all portfolio tiers and price points, including Bin and Icon and entry-level tiers
  - Continued distribution growth in global markets reflecting the ongoing execution of Penfolds strategy to build distribution and grow consumer demand
  - Growth in the Penfolds multi-COO portfolio, with shipments up 7%, driven by One by Penfolds
- Penfolds F24 shipment plan remains on track, with the increased weighting of Bin and Icon shipments expected in 2H24, as planned, which will support the normalisation of divisional EBITS margin towards the target of approximately 45%. Expected F24 delivery does not assume any benefits from a positive outcome in relation to the review of tariffs on Australian wine
- TWE is prepared and well placed to commence re-establishing its Australian country of origin portfolio in China, should there be a positive outcome from the review of tariffs on Australian wine imports, and remains confident that China will continue to be an attractive Luxury wine market and significant growth opportunity for Penfolds over the long term.

[10] Unless otherwise stated, all figures and percentage movements from prior periods are pre-material items on a constant currency basis versus the prior corresponding period and are subject to rounding

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

Divisional Performance Overview

Treasury Americas[12]

A$m (unless otherwise stated)	1H24	Reported Currency 1H23	Reported Currency %	Constant currency 1H23	Constant currency %
Volume (m 9Le)	**2.8**	**3.0**	**(7.3)%**	**3.0**	**(7.3)%**
NSR	**447.7**	**467.5**	**(4.3)%**	**478.9**	**(6.5)%**
ANZ	-	-	-	-	-
Asia	-	-	-	-	-
Americas	447.7	467.5	(4.3)%	478.9	(6.5)%
EMEA	-	-	-	-	-
NSR per case (A$)	*159.3*	*154.2*	*3.3%*	*157.9*	*0.9%*
EBITS	**93.1**	**112.8**	**(17.5)%**	**121.4**	**(23.3)%**
EBITS margin (%)	*20.8%*	*24.1%*	*(3.3)ppts*	*25.3%*	*(4.6)ppts*

Financial performance

Volume and **NSR** declined 7.3% and 6.5% respectively driven by:

- A 13.9% decline in Premium portfolio NSR, driven by lower shipments of 19 Crimes Modern tier innovations that were released in 1H23 (Cali Gold & Cali Blanc), while the 19 Crimes Classics tier performed in line with the pcp
- Partly offsetting was a return to growth for the Luxury brand portfolio, supported by modestly higher Luxury wine availability
- Depletions exceeded shipments by 0.1m cases

NSR per case increased 0.9% reflecting portfolio mix, partly offset by promotional pricing activity that drove depletions growth on non-core 19 Crimes items

COGS per case increased 14.2%, reflecting the sell-through of the high cost, wildfire impacted 2020 Californian Luxury vintage, with improvement expected to commence in 2H24 upon transition of sales to the 2021 vintage

CODB declined 25.7% due to planned phasing of promotional activity and in-store activation to support the 19 Crimes Classic tier re-launch and UFC partnership launch in 2H24

EBITS declined 23.3%, with EBITS margin decreasing 4.6ppts to 20.8%.

Note: TWE's Canadian operations have been reorganised to better reflect the way brands are being managed. The results of Canada have been restated with Treasury Americas and Treasury Premium Brands. Appendix 1 contains the historical performance of Canadian operations that are now reported in Treasury Premium Brands

Division insights

- Key 1H24 execution highlights include:
  - Luxury portfolio performance, with NSR increasing 3.2%, supported by a modest increase in the availability of Luxury wine
  - Frank Family Vineyards depletions grew double digits versus the pcp, with the brand well positioned for growth with increased availability from F25
  - Continued momentum across cellar doors and wine clubs, with NSR increasing 5%
  - Re-launch of the 19 Crimes Classics portfolio is progressing and showing positive signs as it replaces existing inventory on shelf. Pack transition will be completed across all markets in 2H24, and will be supported by a multi-faceted marketing campaign and retail activation
- The acquisition of DAOU was completed in December 2023. CY23 EBITS were US$63.7m, in line with expectations, and the brand saw accelerating growth across scan channels through 1H24[13], driven by distribution growth and expanding rate of sale. TWE continues to expect the EBITS contribution from DAOU in 2H24 to be in the range of US$23-25m
- Premiumisation trends are continuing in the US wine category with Premium price points above US$11 stable and above US$20 in growth[13]
- Trading is expected to be consistent through the second half of F24, leading to the delivery of NSR growth year on year and an EBITS margin of approximately 22% for the full year, excluding DAOU. 2H24 NSR and EBITS are expected to be higher relative to the pcp, given the distributor destock of 0.4m cases in that period. This will set the platform for F25 as availability for Treasury Americas Luxury portfolio increases by double digits, which coupled with the acquisition of DAOU, will result in the contribution of the Luxury portfolio increasing to approximately 70% of divisional EBITS on a proforma basis

[12] Unless otherwise stated, all figures and percentage movements from prior periods are pre-material items on a constant currency basis versus the prior corresponding period and are subject to rounding

[13] Circana Market Advantage MULO+Conv; Still Wine Segment 26 weeks ending 31 December 2023

Divisional Performance Overview

Treasury Premium Brands[14]

A$m (unless otherwise stated)	1H24	Reported Currency 1H23	Reported Currency %	Constant currency 1H23	Constant currency %
Volume (m 9Le)	**6.7**	**7.6**	**(12.1)%**	**7.6**	**(12.1)%**
NSR	**388.5**	**406.7**	**(4.5)%**	**421.9**	**(7.9)%**
ANZ	177.8	184.5	(3.6)%	184.7	(3.8)%
Asia	24.1	43.0	(43.8)%	44.1	(45.3)%
Americas	14.9	17.4	(14.7)%	17.5	(14.8)%
EMEA	171.7	161.8	6.1%	175.6	(2.2)%
NSR per case (A$)	*57.9*	*53.3*	*8.7%*	*55.3*	*4.8%*
EBITS	**45.8**	**47.3**	**(3.2)%**	**53.8**	**(14.9)%**
EBITS margin (%)	*11.8%*	*11.6%*	*0.2ppts*	*12.8%*	*(1.0)ppts*

Financial Performance

Volume and **NSR** declined 12.1% and 7.9% respectively, reflecting double digit declines across the Commercial portfolio and reduced Premium portfolio shipments in Asia:

- Outside of Asia, Premium portfolio NSR was in line with the pcp with the priority Premium brands[15] growing NSR 7.8%, led by strong performance for Squealing Pig in Australia and 19 Crimes in Australia and EMEA
- Reduced shipments to Asia reflect the re-alignment of inventory levels to trend depletion rates, which is expected to continue in 2H24

NSR per case increased 4.8% reflecting portfolio mix shift from Commercial portfolio declines, with the Premium and Luxury portfolios now contributing 63% of NSR (up 3ppts versus the pcp)

COGS per case increased 7.8%, driven by portfolio mix and input cost inflation

CODB improved 14.7% reflecting lower overheads following the organisation restructure in 4Q23, the re-alignment of brand investment with reduced divisional volume and the gain on sale of divested vineyard assets ($3.8m favourable to the pcp)

EBITS decreased 14.9% to $45.8m and EBITS margin declined 1.0ppts to 11.8%

Note: TWE's Canadian operations have been reorganised to better reflect the way brands are being managed. The results of Canada have been restated with Treasury Americas and Treasury Premium Brands. Appendix 1 contains the historical performance of Canadian operations that are now reported in Treasury Premium Brands

Division insights

- Key 1H24 execution highlights include:
  - Strong execution in Australia with the priority Premium brand portfolio significantly outperforming the $10-20 category which declined 1.5%[16]
  - Continued positive momentum for 19 Crimes, with NSR increasing 13% within the division, driven by strong growth in EMEA and reflecting the benefits of distribution growth and activation at key trading periods
- Trading conditions are expected to remain consistent throughout F24 with higher CODB in 2H24, compared with 1H24, to result in full year EBITS margin being delivered broadly in line with the prior year on a reported currency basis

[14] Unless otherwise stated, all figures and percentage movements from prior periods are pre-material items on a constant currency basis versus the prior corresponding period and are subject to rounding
[15] Includes 19 Crimes, Squealing Pig, Pepperjack, St Huberts The Stag and T'Gallant
[16] Circana Aus Liquor Weighted and Unweighted %Growth %FYTD to 31/12/23

Balance Sheet (condensed)[17]

A$m	1H24[18] 31-Dec-23	F23 30-Jun-23	1H23[19] 31-Dec-22
Cash & cash equivalents	436.4	565.8	684.9
Receivables	737.5	612.9	573.6
Current inventories	1,059.7	990.3	1,013.3
Non-current inventories	1,221.3	1,175.3	1,028.5
Property, plant & equipment	1,701.9	1,576.8	1,586.3
Right of use lease assets	382.7	389.7	400.3
Agricultural assets	24.8	44.8	32.1
Intangibles	2,448.1	1,426.7	1,430.0
Tax assets	153.2	190.9	125.3
Assets held for sale	22.6	32.9	3.0
Other assets	42.1	85.2	93.1
Total assets	**8,230.3**	**7,091.3**	**6,970.4**
Payables	691.4	709.7	670.3
Interest bearing debt	1,600.4	1,388.6	1,353.8
Lease liabilities	531.9	548.9	558.4
Tax liabilities	392.0	401.7	352.5
Provisions	97.5	106.7	76.7
Other liabilities	159.3	56.8	50.6
Total liabilities	**3,472.6**	**3,212.4**	**3,062.3**
Net assets	**4,757.7**	**3,878.9**	**3,908.1**

Net assets increased $878.8m to $4,757.7m at 31 December 2023. Adjusting for foreign exchange rate movements, net assets increased by $942.9m

Working capital increased $258.2m, of which $159.8m is attributable to the acquisition of DAOU. Excluding DAOU, working capital increased by $98.5m driven by a decline in **Payables** in line with the seasonal timing of grower payments, higher **Receivables** reflecting the timing of shipments into Asia, partly offset by lower **Inventory**

Versus 31 December 2022, **Inventory** increased $238.2m to $2,281.0m:

- Current inventory increased $45.4m to $1,059.7m, driven by higher Luxury inventory including the acquisition of DAOU and partly offset by a reduction in Commercial and Premium inventories
- Non-current inventory increased $192.8m to $1,221.3m, reflecting higher Luxury inventory following the strong 2023 Californian vintage in addition to the acquisition of DAOU
- Total Luxury inventory increased 24% to $1,464m; excluding DAOU, Luxury inventory increased 7%

Property, Plant & Equipment increased $125.1m following the acquisition of DAOU, partly offset by the disposal of surplus supply assets in Australia

Intangible assets increased by $1,021.4m, driven by the acquisition of DAOU

Assets held for sale declined $10.3m following the disposal of surplus supply chain assets in Australia

Net Borrowings[20] (including Lease Liabilities) increased $324.1m, with interest bearing debt increasing by $211.8m, reflecting the $445m debt funding component for the acquisition of DAOU

Net debt to EBITDAS[21] 2.2x, up from 1.9x at 30 June 2023 following the acquisition of DAOU and benefited by favourable currency translation; deleveraging expected from 2H24 and returning to the target 1.5-2.0x range by the end of F25

Funding structure includes committed debt facilities totalling $2.4bn, of which $1.6bn were drawn at 31 December 2023. The weighted average term to maturity of committed debt facilities was 3.5 years. Total liquidity, comprising cash and committed undrawn debt facilities, totalled $1.2bn at 31 December 2023.

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[17] Unless otherwise stated, balance sheet percentage or dollar movements are from 30 June 2023 and on a reported currency basis.
[18] DAOU values are preliminary and subject to final purchase price accounting
[19] 1H23 has been restated to reflect the final purchase price accounting for Chateau Lanessan. Refer to Note 35 of the 2023 Annual Report for further details
[20] Interest bearing debt *includes* fair value adjustments related to derivatives in a fair value hedge relationship on USPP notes: 1H24 $(21.7)m, 1H23 $(20.7)m
[21] Adjusted to include last twelve months EBITDAS of DAOU

Cash flow – reconciliation of net debt[22]

A$m	1H24	1H23
EBITDAS	**364.6**	**381.3**
Change in working capital	(93.3)	(115.7)
Other items	2.9	(7.5)
Net operating cash flows before financing costs, tax & material items	**274.2**	**258.2**
Cash conversion[23]	**75.2%**	**67.7%**
Payments for capital expenditure[24]	(66.1)	(65.5)
Payments for subsidiaries	(1,206.0)	(55.8)
Proceeds from sale of assets	34.3	22.1
Cash flows after net capital expenditure, before financing costs, tax & material items	**(963.7)**	**159.0**
Finance costs paid	(52.5)	(37.5)
Tax paid	(27.0)	(53.6)
Cash flows before dividends & material items	**(1,043.2)**	**67.9**
Dividends/distribution paid	(122.7)	(115.5)
Cash flows after dividends before material items	**(1,165.9)**	**(47.6)**
Material item cash flows	(7.0)	50.0
On-market share purchases	-	(8.2)
Issue of shares, less transaction costs	807.1	-
Proceeds from settlement of currency swaps and other derivatives	19.4	-
Total cash flows from activities (before debt)	**(346.4)**	**(5.7)**
Net proceeds from borrowings	223.2	258.0
Total cash flows from activities	**(123.1)**	**252.2**
Opening net debt	**(1,386.2)**	**(1,254.3)**
Total cash flows from activities (above)	(346.4)	(5.7)
Lease liability additions	(18.8)	(14.0)
Lease liability disposed	-	44.0
Debt revaluation and foreign exchange movements	42.5	(15.1)
(Increase) / Decrease in net debt	(322.6)	**9.2**
Closing net debt[25]	**(1,708.8)**	**(1,245.1)**

Cash conversion[23] 75.2%; excluding the net change in non-current Luxury and Premium inventory, cash conversion was 66.1%, with full year delivery expected to be approximately 80%

Capital expenditure (capex) of $66.1m includes maintenance and replacement capex of $59.9m, and growth capex of $6.2m. Ongoing expectation for maintenance and replacement capex of approximately $100m per financial year

Investments in subsidiaries of $1,206.0m is driven by the acquisition of DAOU in December 2023

Sale of assets of $34.3m relates to the disposal of surplus supply chain assets in Australia

Issue of shares of $807.1m, net of transaction costs reflects the $825m renounceable rights issue to fund the acquisition of DAOU

Material item cash flows includes transaction costs for DAOU, partly offset by proceeds from the sale of assets as part of the Treasury Premium Brands operating model changes and restructuring of the Australian Commercial wine supply chain

[22] Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis
[23] Excludes changes in working capital balances related to the acquisition of DAOU
[24] Capital expenditure is net of proceeds from the disposal of lease assets: 1H24: nil, 1H23: $107.9m
[25] Net debt *excludes* fair value adjustments related to derivatives in a fair value hedge relationship on USPP notes: 1H24 $(21.7)m, 1H23 $(20.7)m

Definitions

Term	Definition
Cash conversion	Net operating cash flows before financing costs, tax and material items divided by EBITDAS
CFX	Constant foreign exchange rates
COO	Country of origin
CODB	Cost of doing business. Gross profit less EBITS. Excludes non-cash items as well as tax, the cost of the Group's capital structure and non-operating transactions as a measure of underlying operational costs
COGS	Cost of goods sold
Commercial wine	Wine that is sold at a retail shelf price below A$10 (or equivalent) per bottle
EPS	Earnings per share attributable to members of Treasury Wine Estates
EBITDAS	Earnings before interest, tax, depreciation, amortisation, material items and SGARA
EBITS	Earnings before interest, tax, material items and SGARA
EBITS margin	EBITS divided by Net sales revenue
Exchange rates	Average exchange rates used for profit and loss purposes in 1H24: AUD/USD 0.6530 (1H23: AUD/USD 0.6701), AUD/GBP 0.5208 (1H23: AUD/GBP 0.5702) Period end exchange rates used for balance sheet items in 1H24: AUD/USD 0.6832 (F23: AUD/USD 0.6620), AUD/GBP 0.5364 (F23: AUD/GBP 0.5249)
Luxury wine	Wine that is sold at a retail shelf price above A$30 (or equivalent) per bottle
Material items	Items of income or expense which have been determined as being sufficiently significant by their size, nature or incidence and are disclosed separately to assist in understanding the Group's financial performance
Net Debt to EBITDAS	Ratio of Net Debt to EBITDAS includes capitalised leases per *AASB 16 Leases*
Net Operating Cashflow	Operating cash flow before finance costs, tax and material items
NPAT	Net profit after tax
NPD	New product development
NSR	Net sales revenue
Premium wine	Wine that is sold at a retail shelf price between A$10 and A$30 (or equivalent) per bottle
ROCE	Return on Capital Employed. EBITS divided by Capital Employed (at constant currency). Capital Employed is the sum of average net assets (adjusted for SGARA) and average net debt
SGARA	Self-generating and re-generating assets. SGARA represents the difference between the fair value of harvested grapes (as determined under AASB 141 Agriculture) and the cost of harvest. The fair value gain or loss is excluded from Management EBITS so that earnings can be assessed based on the cost of harvested grapes, rather than their fair value. This approach results in a better reflection of the true nature of TWE's consumer branded and FMCG business and improved comparability with domestic and global peers.

Appendix 1: Treasury Premium Brands Canada performance metrics

The following information reflects the historic performance of the portion of TWE sales in Canada that has been allocated to Treasury Premium Brands.

Metric	1H24	1H23
Volume (m9le)	0.2	0.4
NSR (A$m)	14.9	17.5
EBITS (A$m)	3.6	2.5

Treasury Premium Brands (pre-Canada reallocation)

		Reported Currency		Constant currency	
A$m (unless otherwise stated)	1H24	1H23	%	1H23	%
Volume (m 9Le)	**6.5**	**7.3**	**(11.0)%**	**7.3**	**(11.0)%**
NSR (A$m)	**373.6**	**389.3**	**(4.0)%**	**404.5**	**(7.6)%**
ANZ	177.8	184.5	(3.6)%	184.8	(3.8)%
Asia	24.1	43.0	(43.8)%	44.1	(45.3)%
Americas	-	-	-	-	-
EMEA	171.7	161.8	6.1%	175.6	(2.2)%
NSR per case (A$)	*57.7*	*53.5*	*7.8%*	*55.6*	*3.8%*
EBITS (A$m)	**42.2**	**45.0**	**(6.2)%**	**51.7**	**(18.4)%**
EBITS margin (%)	*11.3%*	*11.6%*	*(0.3)ppts*	*12.8%*	*(1.5)ppts*

Treasury Americas (pre-Canada reallocation)

		Reported Currency		Constant currency	
A$m (unless otherwise stated)	1H24	1H23	%	1H23	%
Volume (m 9Le)	**3.0**	**3.4**	**(10.3)%**	**3.4**	**(10.3)%**
NSR (A$m)	**462.5**	**485.0**	**(4.6)%**	**496.4**	**(6.8)%**
ANZ	-	-	-	-	-
Asia	-	-	-	-	-
Americas	462.5	485.0	(4.6)%	496.4	(6.8)%
EMEA	-	-	-	-	-
NSR per case (A$)	*152.2*	*143.1*	*6.4%*	*146.5*	*3.9%*
EBITS (A$m)	**96.7**	**115.2**	**(16.1)%**	**123.5**	**(21.7)%**
EBITS margin (%)	*20.9%*	*23.7%*	*(2.8)ppts*	*24.9%*	*(4.0)ppts*

Appendix 2: Reconciliation of key performance measures

Metric (A$m unless otherwise stated)	Management calculation	1H24	1H23
EBITS	Statutory net profit	166.8	188.2
	Income tax expense	60.0	72.3
	Net finance costs	42.1	37.6
	Material items (gain) / loss	37.5	(19.7)
	SGARA (gain) / loss	(16.6)	29.0
	EBITS	**289.8**	**307.5**
EBITDAS	EBITS	289.8	307.5
	Depreciation & Amortisation	74.8	73.9
	EBITDAS	**364.6**	**381.3**
EPS[26, 27]	Statutory net profit attributable to members of Treasury Wine Estates Limited	166.7	188.2
	Material items (gain) / loss	37.5	(19.7)
	Tax on material items	(8.5)	4.3
	SGARA	(16.6)	29.0
	Tax on SGARA	3.2	(8.2)
	NPAT (before material items & SGARA)	**182.3**	**193.7**
	Weighted average number of shares (millions)	741.5	728.7
	EPS (cents)	**24.6**	**26.6**
ROCE	EBITS (LTM)	565.8	568.8
	Net assets	3,852.9	3,911.1
	SGARA in inventory	(12.2)	(22.4)
	Net debt	1,263.8	1,245.1
	Capital employed – Current year[28]	**5,104.5**	**5,133.8**
	Net assets (CFX)	3,909.1	3,744.0
	SGARA in inventory (CFX)	(22.5)	(29.3)
	Net debt (CFX)	1,233.3	1,324.6
	Capital employed – Prior year (CFX)	**5,120.0**	**5,010.0**
	Average capital employed	5,112.2	5,071.9
	ROCE	**11.1%**	**11.2%**

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[26] Excludes earnings attributable to non-controlling interests.
[27] Earnings per share for the half year ended 31 December 2022 has been restated, in accordance with AASB 133, for the dilutive effects of the rights issue executed during the current financial year to ensure consistency period on period. Refer to Note 8 of the 2024 Interim Results Appendix 4D for details.
[28] Capital employed adjusted to exclude net assets and debt associated with the acquisition of DAOU