



TREASURY WINE ESTATES

20 June 2024

ASX ANNOUNCEMENT

Penfolds China Update Investor Presentation and Outlook

Enclosed are the presentation materials for an investor and analyst webcast and conference call to be hosted by Treasury Wine Estates (ASX: TWE) commencing at 10:30am (AEST) on 20 June 2024. Links to register for the conference are provided below.

Page seven of the presentation includes an update on outlook, with TWE confirming the following:

F24:

- Penfolds EBITs are expected to be delivered in the range of \$418-421m, driven by strong top-line growth across all portfolio tiers and price points, with the weighting of Bin & Icon portfolio shipments to 2H24 completed as planned
- Penfolds EBITs margin is expected to be approximately 42%, reflecting the re-establishment of entry-level Australian COO Luxury tiers and higher onshore overhead costs in China through 4Q24 following the removal of tariffs
- TWE continues to expect mid-high single digit Group EBITs growth in F24, excluding the EBITs contribution from DAOU

F25:

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

F26/F27:

- Penfolds will target annual EBITs growth of approximately 15% across both years, driven by the significant increase in availability for the Bin & Icon portfolio from the record 2024 Australian vintage intake
- Penfolds will target EBITs margin delivery in line with its long-term target of 45%

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- TWE notes that the delivery of these long-term targets remains subject to a range of variable conditions. Outlined below is important information regarding the risk factors related to these targets

Important Information

This presentation contains information that is based on projected and/or estimated expectations or assumptions. 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 following risk factors:

- changing conditions in the China wine market,
- changes in economic conditions which impact consumer demand,
- changes to TWE's production cost base, including impacts of inflation,
- global difficulties in logistics and supply chains,
- exchange rate impacts given the global nature of the business,
- vintage variations, and
- the Company's continuing exposure to geopolitical risks.

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

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.

Conference call

Links to register for the investor and analyst webcast and conference call are provided below. A replay of the presentation will also be available on the website www.tweglobal.com from approximately 2:00pm (AEST) on 20 June 2024.

Conference call registration: <https://s1.c-conf.com/diamondpass/10039103-8f4d6g.html>

Webcast registration: <https://edge.media-server.com/mmc/p/dzivrfa4>

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Penfolds

Penfolds China Update

20 JUNE 2024

IMPORTANT INFORMATION

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Certain market and industry data used in this presentation has been obtained from research, surveys or studies conducted by third parties. TWE has not independently verified any market or industry data provided by third parties.

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TIM FORD
CHIEF EXECUTIVE OFFICER
TREASURY WINE ESTATES

Penfolds[®]

TODAY'S PRESENTERS



TREASURY
WINE ESTATES

TIM FORD

CHIEF EXECUTIVE OFFICER

Treasury Wine Estates



TOM KING

MANAGING DIRECTOR

Penfolds



AGENDA

KEY UPDATES & OUTLOOK

Tim Ford

CHINA STRATEGY UPDATE

Tom King

Q&A

Tim Ford, Tom King, Stuart Boxer

KEY UPDATES

INITIAL PORTFOLIO DEMAND IN CHINA HAS BEEN STRONG

Shipments of Australian wine commenced at the end of March, with strong demand from our distributor partners

Seamless and efficient customs clearance processes have been observed as product has arrived in market

Multi-city distributor roadshows taking place throughout June to align on activation plans and priorities

Early read on consumer depletions has been very positive through Penfolds e-commerce flagship stores

GLOBAL PRICE INCREASES HAVE BEEN FINALISED

- Price increases have been finalised across Penfolds global customer base and will be effective from 1 July 2024
- Higher prices will be implemented across a number of key portfolio wines, including Bin 128, Bin 389 and Bin 407; on a weighted average basis, Penfolds Bin & Icon portfolio price will increase by approximately 6%
- Standardised global pricing structure to ensure long-term brand health and integrity
- Future price increases to be considered as part of Penfolds long-term pricing roadmap

V24 A RECORD INTAKE FOR THE BIN & ICON PORTFOLIO

- The 2024 Australian vintage has delivered record intakes for key Bin & Icon portfolio wines and will support a significant step up in availability from 2H26
- This outcome has been enabled by TWE's highly scalable Australian Luxury supply chain, with increased intake from controlled vineyards and an extensive grower network complemented by enhanced capacity through the Barossa Winery
- Expansion of sourcing from future vintages is a key priority to support incremental future portfolio availability and growth

PENFOLDS OUTLOOK

F24

Penfolds EBITs are expected to be delivered in the range of \$418-421m, driven by strong top-line growth across all portfolio tiers and price points, with the weighting of Bin & Icon portfolio shipments to 2H24 completed as planned

EBITS margin is expected to be approximately 42%, reflecting the re-establishment of entry-level Australian COO Luxury tiers and higher onshore overhead costs in China through 4Q24 following the removal of tariffs

TWE continues to expect mid-high single digit Group EBITs growth in F24, excluding the EBITs contribution from DAOU

F25

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

F26/27

- Penfolds will target annual EBITs growth of approximately 15% across both years, driven by the significant increase in availability for the Bin & Icon portfolio from the record 2024 Australian vintage intake
- Penfolds will target EBITs margin delivery in line with its long-term target of 45%
- TWE notes that the delivery of these long-term targets remains subject to a range of variable conditions. Slide 2 of this presentation provides important information regarding the risk factors relating to these targets

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TOM KING
MANAGING DIRECTOR
PENFOLDS

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OUR AMBITION IN CHINA

#1

IN LUXURY WINE

#1

IN AUSTRALIAN
LUXURY WINE

#1

IN US
LUXURY WINE

TOP 3

IN FRENCH & CHINESE LUXURY WINE

Penfolds[®]



THE ELEMENTS
THAT WILL
UNDERPIN OUR
AMBITION



UNRIVALLED GLOBALLY
SOURCED PORTFOLIO



STRONG BRAND
HEALTH



DISCIPLINED, EFFICIENT RTM,
PRODUCT FLOW VISIBILITY



DIGITALLY ENABLED,
DATA COMPLIANT



INVESTMENT IN LOCAL
SOURCING AND
PRODUCTION



LOCAL CROSS-
FUNCTIONAL TEAM

THE LUXURY WINE MARKET IN CHINA PRESENTS A SIGNIFICANT LONG-TERM GROWTH OPPORTUNITY FOR PENFOLDS

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50%

By 2030, China is expected to account for 24-26% of the world's Luxury goods consumption, an increase of 50% from 2023¹

5TH

China currently ranks 5th globally for Luxury wine sales, and is forecast to improve to 4th rank by 2028²

3.6%

Wine category penetration is low at 3.6% market share, and occasion penetration is also low³

30%

Lack of leading brands in the category; the top 10 wine brands account for only 30% of the category vs 66% for baijiu and spirits⁴

121%

The average unit price of wine has increased by 121% since 2004³

14%

Luxury wines have an expected retail value CAGR of 14% from 2023 to 2028²

Source:
1 Bain & Company, 2023 China Luxury Goods Market Report
2 IWSR 2024, still wine, 2023 and 2028 value. Luxury price point classified as A\$ equivalent \$30+
3 IWSR, May 2024
4 Smart path

OUR CHINA STRATEGY IS ALIGNED WITH OUR 3 GLOBAL STRATEGIC PRIORITIES

SCALE OUR LUXURY STATUS TO DRIVE DEMAND

RECRUIT & RE-RECRUIT THE CONSUMER...

- Deep understanding of our target consumers
- Exceptional execution of Luxury wine experiences
- Strong linkages to culture via partnerships
- Gifting and education key drivers of trial and recruitment

GROW DISTRIBUTION & AVAILABILITY

...IN THE RIGHT PLACES...

- Best in class distributors with clear territory and channel accountability
- Joint investment in on the ground sales and marketing resources
- Data led decision making
- Traceability of product flows to enhance compliance and discipline

OPTIMISE THE PORTFOLIO FOR LONG TERM GROWTH

...WITH THE RIGHT PORTFOLIO.

- A global portfolio from the world's most renowned Luxury wine regions
- Icon wines to drive Penfolds halo and Luxury credentials
- Bins at scale as the heartland
- Broadening occasions and relevance with consumers

————— Executed by an experienced and high performing local team —————

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BASED ON RESEARCH, WE KNOW OUR TARGET CONSUMERS AND UNDERSTAND THEIR RELATIONSHIP WITH WINE AND A LUXURY LIFESTYLE

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CLASSIC CONNOISSEURS (High Wine Involvement, 40+)

Super luxurious mid-lifers, living to the full. Investing in and appreciating fine wine



NEW LUXURIANS (Medium Wine Involvement 18-44)

Ambitious, style-conscious young couples and singles who engage in experience. They have an interest in exploring wine, but have little base knowledge



STATUS CONNOISSEURS (High Wine Involvement, 18-39)

30-something bold, trend setting lifestyle curators who are highly involved in wine. The wine they drink is a reflection of the lifestyle they lead... luxurious, on show and top shelf



CONFIDENT APPRECIATORS (Medium Wine Involvement 45+)

Looking for a qualified lifestyle, currently may prefer other alcohol but have big potential to be converted to wine from the other categories with their growing health consciousness.

THESE GROUPS;

- Represent **75%** of the Luxury Wine drinking **population**
- Represent **80% of Total Wine sales** amongst Luxury Wine Buyers
- **Pay more** for a glass of wine
- Have a **luxury mindset**, and embrace the new luxury codes

WE HAVE IDENTIFIED SIX DEMAND ZONES WHICH PRESENT THE MOST SIGNIFICANT GROWTH OPPORTUNITIES FOR PENFOLDS

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HEARTLAND



**CONNECTION
DINING**



**BUSINESS
ENTERTAINING**



**TIME TO
SAVOUR**

NEW GROWTH



**DELIGHTFUL
DINNER TOGETHER**



**RELAX AND
REWARD**



**IMPRESSIVE
NIGHT OUT**

WE WILL BRING PENFOLDS WINES, FROM THE MOST REVERED WINE REGIONS GLOBALLY, TO CONSUMERS ACROSS CHINA

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AUSTRALIA

The origins of Penfolds House Style and DNA. Where it all began in 1844.



ICON

The Ultimate Expression of Penfolds

US

From vine cuttings planted in the 90's, to the first Penfolds Bin born outside of Australia



FRANCE

The French inspired the creation of Grange - seven decades later, Penfolds returns to Bordeaux



CHINA

Penfolds house style explores new frontiers and new landscapes like no other.



CHAMPAGNE

A history of Australian sparkling and a DNA grounded in blending led us to this world first collaboration.



BINS

Penfolds center of gravity and 'beating heart'



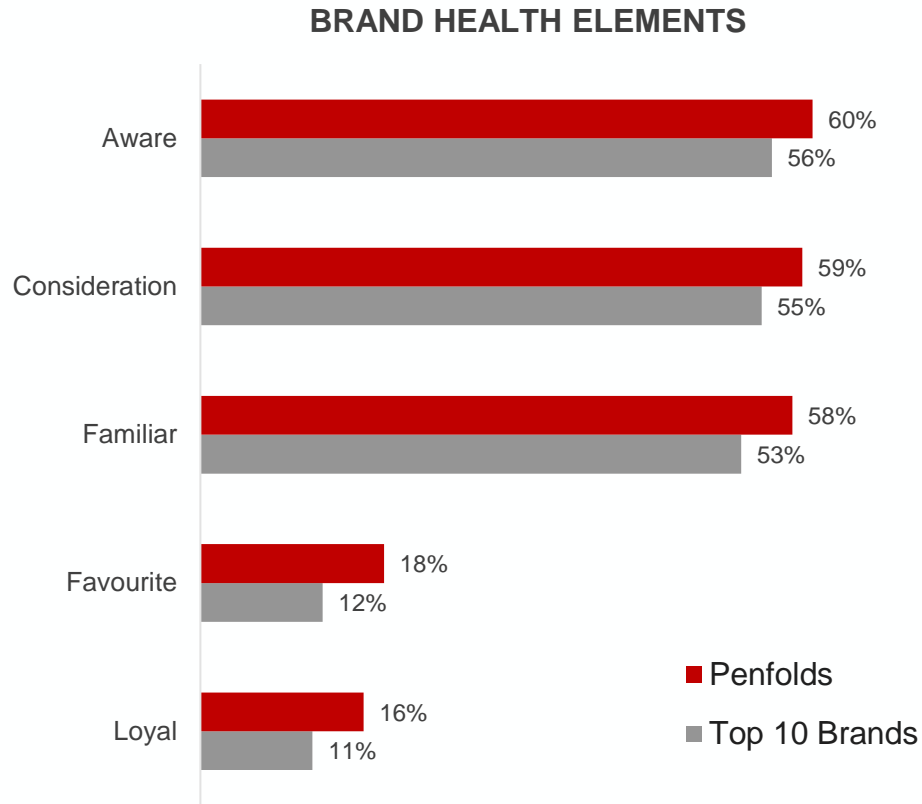
ENTRY

Elevated Accessibility & Culture Led



PENFOLDS BRAND EQUITY METRICS REMAIN STRONG IN CHINA

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Penfolds is #2 for awareness amongst the top-10 imported wine brands

Penfolds Demand Power* remains very high in China, only just below Penfolds home market of Australia.

12.2%

AUSTRALIA

10.3%

CHINA

Source : Kantar Brand Health Dec-23 to Jan-24

*Demand power is Kantar's proprietary measure of the power of a brand within the market, removing market forces such as distribution and price



F25 BRAND INVESTMENT WILL ELEVATE THE RE-ESTABLISHMENT OF OUR AUSTRALIAN COO PORTFOLIO IN CHINA

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COLLECTION LAUNCH & 180 ANNIVERSARY



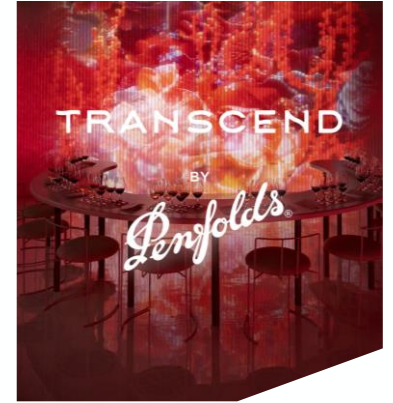
PR & PARTNERSHIPS TO SUPPORT LUXURY STATUS



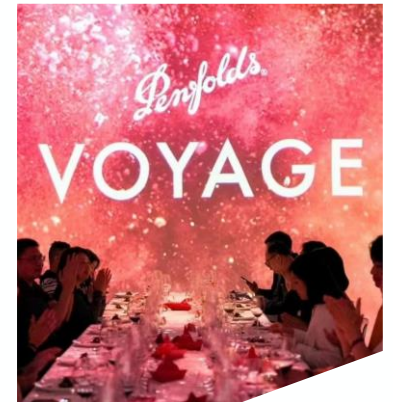
GIFTING ACROSS KEY OCCASIONS



RECRUITMENT WITH ENTRY LEVEL TIERS



SCALEABLE MASTERCLASS TO DRIVE EDUCATION & COO MESSAGING



REFRESHED MASTERBRAND AND CAMPAIGN CONTENT TO SUPPORT PROGRAMS ACROSS THE YEAR



OUR TAILORED NETWORK OF DISTRIBUTION PARTNERS PROVIDES US WITH EXCEPTIONAL CHANNEL COVERAGE

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NATIONAL DISTRIBUTOR

EXCLUSIVITY ACROSS SELECTED PRODUCTS
NATIONAL COVERAGE



REGIONAL DISTRIBUTOR

CORE PORTFOLIO
DEFINED GEOGRAPHIC COVERAGE



RETAIL



ON PREMISE



LIQUOR STORE



CORP CLIENTS



E-COMMERCE

OUR EXPERIENCED, LOCAL TEAM REMAINS IN PLACE, AND WE WILL BE INVESTING FURTHER IN F25 TO SUPPORT OUR GROWTH AMBITIONS

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~ 200

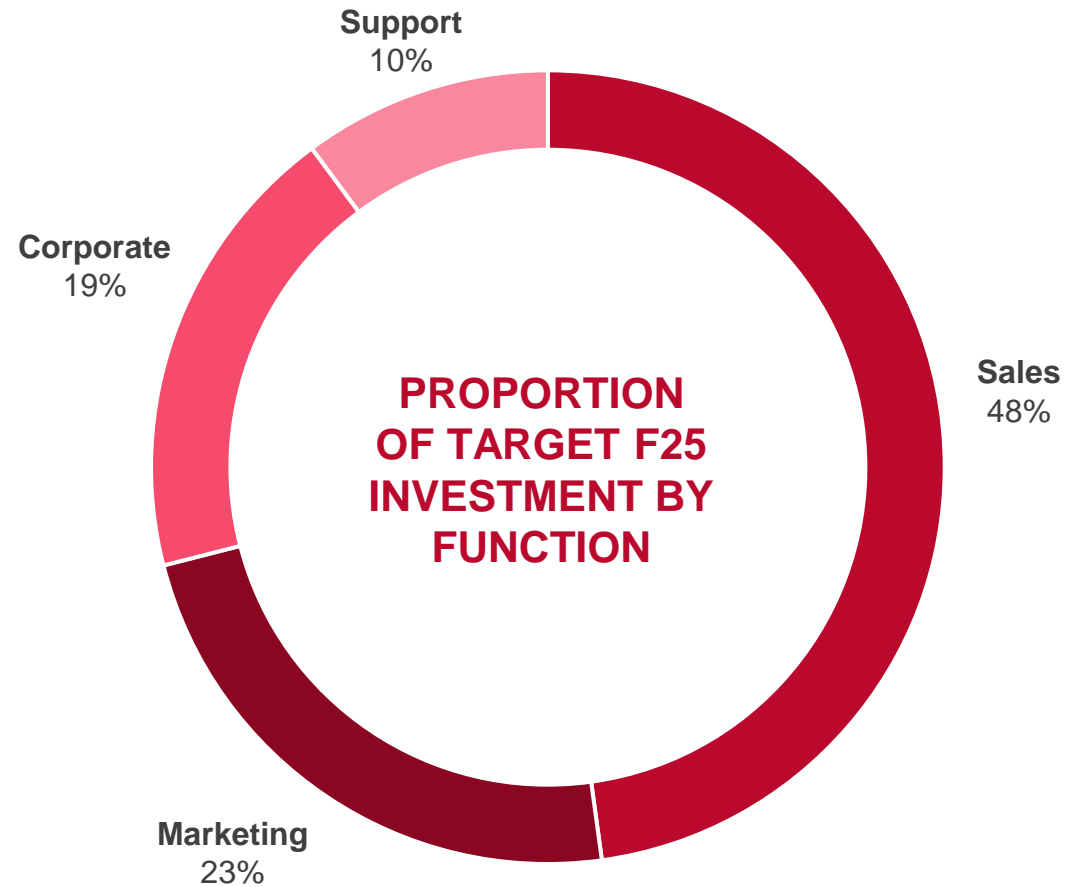
TARGET F25 CHINA TEAM SIZE

8

EXPERIENCED LOCAL LEADERSHIP TEAM

6 YRS

AVERAGE LEADERSHIP TENURE





CHINA
LEADERSHIP
TEAM



JACK WU
General Manager
Tenure 9.5 yrs



CHRISTY IU
Marketing Director
Tenure 12 yrs



CAROLINE CHENG
Director Commercial
Strategy & Planning
Tenure 4.5 yrs



MAGGIE YANG
Finance Director
Tenure 5 yrs



JESSICA LIU
Head of People & Culture
Tenure 4.5 yrs



CHEN MA
Director Public Affairs
Tenure 4 yrs



CRIS LI
Head of Legal
Tenure 7.5 yrs



LARRY LIN
Director Supply Chain
Tenure 4 mths

OUR ASSET BASE IS WELL POSITIONED TO SUPPORT GROWTH



VINEYARDS AND SOURCING

\$100m invested in Australia for vineyard replanting and acquisitions since F18, enabling an increase in the intake of Luxury grade fruit

Several vineyards were taken 'offline' through the tariff period to future proof their long-term production capacity, with a focus on soil revitalisation and vine redevelopment

- Secured new Luxury growers
- Continuing to work with long-term growers to share viticultural uplift practices



WINEMAKING AND PACKAGING

- \$165m invested in TWE's Barossa Winery between F18-22, focused on wine-making and storage infrastructure, which increased Luxury wine production capacity by 30%
- \$15m invested in adjoining packaging facility to establish dedicated lines for Luxury wine, including gifting and bespoke formats
- Ongoing innovation of Penfolds winemaking practices has optimised grade conversion, while maintaining Penfolds House Style

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SUMMARY

- Our clear ambition is to be the number one Luxury wine brand in China
- China remains an attractive Luxury wine market and a significant long-term growth opportunity for Penfolds
- Penfolds is well placed to capitalise on the opportunity in China:
 - A deep understanding of the Luxury wine consumer and consumption occasions
 - An unrivalled portfolio of Penfolds wines from around the world
 - Strong brand health, with a brand investment framework and activation plans focused on continuing to build brand equity
 - A highly focused and efficient national distribution platform
 - A locally based world-class team, with significant experience in the China market
 - A scalable supply chain that has been well invested behind and is positioned to support increased Luxury wine production
- We have commenced execution of our plans to re-establish our Australian portfolio in China, with initial demand very strong



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DEFINITIONS

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CAGR	Compound annual growth rate
Commercial wine	Wine that is sold at a price point below A\$10 (or equivalent) per bottle
COO	Country of origin
EBITS	Earnings before interest, tax, material items and SGARA
FXX	Financial year ending 30 June 20XX
Luxury wine	Wine that is sold at a price point above A\$30 (or equivalent) per bottle
PR	Public relations
Premium wine	Wine that is sold at a price point between A\$10 and A\$30 (or equivalent) per bottle
RTM	Route to market
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
VXX	Vintage year 20XX