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TWE delivers strong earnings growth and margin expansion
1H23 NPAT up 18.7% to $193.7m and EPS up 18.6% to 26.8cps[1]

Announcement headlines

- Reported EBITS grew 17.2% to $307.5m driven by Luxury portfolio growth, price increases across several brands and cost savings from the global supply chain optimisation program
- Global wine category consumer trends remain broadly consistent, with Luxury wine continuing strong growth trends in all of TWE's key markets. Consumption and market trends for entry-level Premium wine in the US and the UK, and Commercial wine globally, were softer in 2Q23 relative to expectations, contributing to volume declines for Treasury Americas and Treasury Premium Brands
- EBITS margin strengthened 3.2ppts to 23.9%, progression towards the long-term Group target of 25%+, delivered in an environment of elevated cost inflation
- Portfolio premiumisation continued, with the contribution to global NSR from Premium and Luxury brands increasing 2ppts to 85%
- Penfolds, Treasury Americas and Treasury Premium Brands all delivered improved NSR per case, EBITS growth and EBITS margin expansion
- TWE remains on track to deliver strong EBITS growth and EBITS margin expansion in F23, with trading conditions for the remainder of the year expected to remain broadly consistent with those in 1H23

Group financial summary

A$m (unless otherwise stated)	1H23	% Chg. Reported	% Chg. Constant Currency
Net Sales Revenue (NSR)	1,284.5	1.4%	(1.1)%
NSR per case (A$)	108.6	13.5%	10.7%
Earnings Before Interest, Tax, SGARA and Material items (EBITS)	307.5	17.2%	14.7%
EBITS Margin	23.9%	3.2ppts	3.3ppts
Net Profit After Tax	188.2	72.5%	72.7%
Earnings Per Share (A$ cents)	26.1	72.5%	72.6%
Net Profit After Tax before Material Items and SGARA	193.7	18.7%	16.5%
Earnings Per Share before Material Items and SGARA (A$ cents)	26.8	18.6%	16.5%

- NSR increased 1.4% to $1,284.5m, driven by favourable foreign exchange rates and Luxury portfolio growth across all divisions, partly offset by reduced Commercial and entry-level Premium portfolio volumes in Treasury Premium Brands and Treasury Americas; on a constant currency basis NSR declined 1.1%
- NSR per case improved 13.5%, reflecting the successful implementation of price increases across several brands and Luxury portfolio-led mix improvement
- EBITS increased 17.2% to $307.5m and EBITS margin increased 3.2ppts to 23.9%, with improvement delivered across all divisions
- NPAT improved 18.7% to $193.7m and EPS improved 18.6% to 26.8 cents per share
- ROCE 11.2%, up 0.9ppt versus the pcp driven by strong earnings growth
- Cash conversion of 67.7% reflects the return to a normalised working capital cycle; excluding the net change in non-current Luxury and Premium inventory, cash conversion was 62.9%, with full year delivery expected to be in line with the 90% or higher target
- Net Debt to EBITDAS 1.7x, improving from 1.8x in the pcp
- Interim dividend of 18.0 cents per share declared, fully franked, an increase of 16.7% on the pcp and representing a payout ratio of 67% NPAT

[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

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Performance overview

A$m	1H23	% Chg. Reported	% Chg. Constant Currency
NSR			
Penfolds	410.2	7.2%	6.8%
Treasury Americas	485.0	4.1%	(4.3)%
Treasury Premium Brands	389.3	(7.0)%	(4.5)%
Group	**1,284.5**	**1.4%**	**(1.1)%**
Luxury & Premium (%NSR)	*85.1%*	*2.4ppts*	*1.7ppts*
EBITS			
Penfolds	181.6	10.0%	11.0%
Treasury Americas	115.2	35.2%	14.9%
Treasury Premium Brands	45.0	15.4%	41.6%
Corporate	(34.3)	(27.0)%	(23.8)%
Group	**307.5**	**17.2%**	**14.7%**
EBITS Margin (%)	*23.9%*	*3.2ppts*	*3.3ppts*

- Penfolds reported a 10.0% increase in EBITS to $181.6m and an EBITS margin of 44.3% (up 1.1ppts). Strong top-line performance was delivered in a number of markets throughout Asia, EMEA and in Australia, supported by continued growth in distribution and consumer demand. The expansion of Penfolds multi-country of origin portfolio was a highlight in 1H23, with the inaugural French Collection release and the launch of One by Penfolds, including Penfolds first wine produced in China. On a constant currency basis, NSR and EBITS increased 6.8% and 11.0% respectively

- Treasury Americas reported a 35.2% increase in EBITS to $115.2m and an EBITS margin of 23.7% (up 5.5ppts). NSR increased 4.1% driven by favourable foreign exchange rates and supported by the performance of key Luxury portfolio brands including Frank Family Vineyards and Beaulieu Vineyard, in addition to continued growth for Matua and innovation within 19 Crimes. The successful delivery of price increases across key Luxury and Premium brands further supported NSR growth. Partly offsetting were Premium portfolio volume declines, where consumption trends for entry-level Premium wine impacted the performance of the 19 Crimes Australian-sourced portfolio, with increased retail programming, innovation and brand activation activity planned for 2H23. On a constant currency basis, NSR declined 4.3% and EBITS increased 14.9%

- Treasury Premium Brands reported a 15.4% increase in EBITS to $45.0m and an EBITS margin of 11.6% (up 2.2ppts). NSR declined 7.0%, reflecting unfavourable foreign exchange rates and Commercial portfolio volume declines in the UK and Australia. Premium and Luxury NSR was broadly in line with the prior year. Margin expansion was supported by price increases implemented across a number of portfolio brands, more than offsetting the inflationary impact of supply chain costs. Division EBITS included a $5.9m gain on the sale of assets. On a constant currency basis, NSR declined 4.5% and EBITS increased 41.6%

- The global supply chain optimisation program delivered incremental COGS savings of approximately $28m in 1H23, with benefits recognised across all divisions, minimising the impact to mix-adjusted COGS per case from the higher cost 2020 Australian and Californian Luxury vintages and supply chain cost inflationary pressures which were in line with expectations

- Corporate costs of $34.3m were in line with 2H22, with the 27.0% increase on the pcp driven by increased investment in cloud-based technology and employee remuneration increases

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Future perspectives

TWE's long-term financial objective remains to deliver sustainable top-line growth, high single-digit average earnings growth[2] and a Group EBITS margin target of 25%+. 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.

In F23, TWE remains on track to deliver strong EBITS growth and EBITS margin expansion, with trading conditions for the remainder of the year expected to be broadly consistent with those in 1H23. Full-year EBITS margin is expected to be approximately 23%, with year on year expansion driven by portfolio premiumisation and the delivery of price increases across key portfolio brands which, combined with benefits from the global supply chain optimisation program, are mitigating the impacts of inflationary cost pressures.

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

"We are very pleased to have delivered strong progress towards our financial growth objectives in 1H23, with EBITS growth of 17% driven by improved revenue per case and EBITS margin expansion across all divisions. Our Luxury wine portfolios in particular continue to perform exceptionally well across all markets and channels, and the fundamentals of the category are expected to remain strong at these higher price points. We consider this set of results to be an important and additional proof point of our teams' ability to navigate the changing and variable economic, consumer and market dynamics, whilst maintaining our focus on the delivery of our financial objectives."

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 2022, Appendix 4D for the half year ended 31 December 2022 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, the impact of continued high inflation on business outcomes, global difficulties in logistics and supply chains, the potential ongoing impacts relating to the COVID-19 pandemic, 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 based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved 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 10:00am AEDT on 15 February 2023. Links to register are provided below. A replay of the presentation will also be available on the website www.tweglobal.com from approximately 1:00pm AEDT.

Conference call registration

https://s1.c-conf.com/diamondpass/10027882-jdpkq7.html

Webcast registration

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

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.

[2] Organic, pre material items and on a constant currency basis

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Profit and Loss[3]

$Am (unless otherwise stated)	1H23	Reported Currency 1H22	Reported Currency Change	Constant Currency 1H22	Constant Currency Change
Net sales revenue	1,284.5	1,267.0	1.4%	1,298.5	(1.1)%
NSR per case ($)	*108.6*	*95.6*	*13.5%*	*98.0*	*10.7%*
Other Revenue	23.9	32.3	(25.9)%	33.5	(28.6)%
Cost of goods sold	(723.6)	(781.6)	7.4%	(800.4)	9.6%
Cost of goods sold per case ($)	*61.2*	*59.0*	*(3.7)%*	*60.4*	*(1.2)%*
Gross profit	584.8	517.7	13.0%	531.6	10.0%
Gross profit margin (% of NSR)	*45.5%*	*40.9%*	*4.7ppts*	*40.9%*	*4.6ppts*
Cost of doing business	(277.3)	(255.3)	(8.6)%	(263.5)	(5.2)%
Cost of doing business margin (% of NSR)	*21.6%*	*20.2%*	*(1.4)ppts*	*20.3%*	*(1.3)ppts*
EBITS (before material items)	**307.5**	**262.4**	**17.2%**	**268.0**	**14.7%**
EBITS margin (%)	*23.9%*	*20.7%*	*3.2ppts*	*20.6%*	*3.3ppts*
SGARA	(29.0)	(26.2)	(10.8)%	(27.0)	7.4%
EBIT (before material items)	**278.5**	**236.2**	**17.9%**	**214.0**	**15.6%**
Net finance costs	(37.6)	(34.7)	(8.5)%	(36.7)	(2.6)%
Tax expense	(68.0)	(57.4)	(18.3)%	(57.9)	(17.4)%
Net profit after tax (before material items)	**172.8**	**144.1**	**20.0%**	**146.4**	**18.1%**
Material items (after tax)	15.4	(35.0)	NM	(37.4)	NM
Net profit after tax	**188.2**	**109.1**	**72.5%**	**109.0**	**72.7%**
Reported EPS (A¢)	26.1	15.1	72.5%	15.1	72.6%
Net profit after tax (before material items and SGARA)	**193.7**	**163.2**	**18.7%**	**166.2**	**16.5%**
EPS (before material items and SGARA) (A¢)	26.8	22.6	18.6%	23.0	16.5%
Average no. of shares (m)	721.8	721.4	0.1%	721.4	0.1%
Interim Dividend (A¢)	18.0	15.0	16.7%	15.0	16.7%

NSR declined 1.1%, with reduced Commercial portfolio volumes in the UK and Australia partly offset by Luxury portfolio growth across all divisions

NSR per case improved 10.7%, reflecting price increases across several brands and TWE's continuing focus on portfolio premiumisation, with the contribution of the Luxury and Premium portfolios now 85% of Group NSR, up from 83% in the pcp

COGS per case increased 1.2%, driven by the Luxury-led portfolio mix shift and the higher cost 2020 Australian and Californian Luxury vintages, partly offset by benefits from the global supply chain optimisation program of $28m in 1H23

CODB increased 5.2%, with increased brand building and organisational investment for Penfolds and organisation-wide employee remuneration increases the key drivers

EBITS margin improved 3.3ppts to 23.9%, driven in 1H23 by strong Luxury mix, and excellent progress towards TWE's Group EBITS margin target of 25% and beyond

SGARA loss reflects reduced intake from the 2022 Californian vintage, the expected reduction in the 2023 Australian vintage intake and the unwinding of gains from previous vintages

Net finance costs increased 2.6%, driven by higher interest rates on higher average net debt, partly offset by realised gains on interest rate derivatives

Tax expense increased 17.4%, reflecting higher statutory earnings. The effective tax rate (before material items) was 28.2%

Material Items A post-tax net material items gain of $15.4m has been recognised, and relates to the gain on sale of surplus supply assets in the US, partly offset by costs associated with the acquisition of Chateau Lanessan and supply chain changes

EPS (before SGARA and material items) increased 16.5% to 26.8 cents per share. Reported EPS increased 72.6% to 26.1 cents per share

[3] 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

Divisional Performance Overview

Penfolds[4]

A$m (unless otherwise stated)	1H23	Reported Currency 1H22	Reported Currency %	Constant currency 1H22	Constant currency %
Volume (m 9Le)	**1.2**	**1.1**	**4.4%**	**1.1**	**4.4%**
NSR (A$m)	**410.2**	**382.7**	**7.2%**	**384.2**	**6.8%**
ANZ	119.6	114.3	4.6%	114.2	4.7%
Asia	220.8	203.8	8.4%	203.7	8.4%
Americas	33.6	35.4	(5.0)%	38.5	(12.7)%
EMEA	36.2	29.2	23.6%	27.7	30.4%
NSR per case (A$)	*352.2*	*343.2*	*2.6%*	*344.5*	*2.2%*
EBITS (A$m)	**181.6**	**165.1**	**10.0%**	**163.6**	**11.0%**
EBITS margin (%)	*44.3%*	*43.1%*	*1.1ppts*	*42.6%*	*1.7ppts*

Financial performance

Volume and **NSR** increased 4.4% and 6.8% respectively, driven by:

- Continued strong momentum in key Asian markets in addition to a return to growth in Mainland China through Penfolds multi-COO portfolio
- Growth in key EMEA markets including the UK, Germany and the UAE
- Distribution and demand growth in Australia, focused on gains in independent retail and on-premise
- Partly offset by reduced shipments in the Americas, driven by the timing of sales in Latin America while depletions continue to grow in the US

NSR per case increased 2.2%, supported by price increases on supply-constrained Luxury Cabernet Bins

COGS per case improved 1.4%, reflecting one-off product costs in the pcp and benefits from the global supply chain optimisation program, partly offset by the release of Luxury wine from the higher cost 2020 Australian vintage

CODB increased 4.7%, reflecting increased brand building and organisational investment to accelerate momentum of distribution and demand growth in key global markets

EBITS increased 11.0% to $181.6m, and **EBITS margin** increased 1.7ppts to 44.3%

Division insights

- Key 1H23 execution highlights include:
  - Strong distribution growth in Asia, Australia and EMEA, reflecting Penfolds focus on building penetration in target accounts across priority growth markets
  - The 2022 Penfolds Collection launch, including the inaugural release of the French portfolio which was met by a positive response from critics, customers and consumers
  - Launch of One by Penfolds, a new culture-led tier focused on recruiting new luxurians to the brand, comprising wines from France, the US and Penfolds first wine sourced and produced in Mainland China
- Relaxation of pandemic related restrictions remains an opportunity for Penfolds in Asia, namely through global travel channels, however benefits will be driven by the pace of normalisation
- Trends for distribution and volume growth are expected to remain consistent and strong across Penfolds priority growth markets, supporting balanced EBITS delivery through F23, with full-year EBITS margin expected to be between 42% and 44%

[4] 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

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Divisional Performance Overview

Treasury Americas[5]

	Reported Currency			Constant Currency		
A$m (unless otherwise stated)	**1H23**	**1H22**	**%**	**1H22**	**%**	**% Organic[6]**
Volume (m 9Le)	**3.4**	**4.0**	**(15.4)%**	**4.0**	**(15.4)%**	**(15.5)%**
NSR	**485.0**	**465.9**	**4.1%**	**506.5**	**(4.3)%**	**(14.2)%**
ANZ	–	–	–	–	–	–
Asia	–	–	–	–	–	–
Americas	485.0	465.9	4.1%	506.5	(4.3)%	(14.2)%
EMEA	–	–	–	–	–	–
NSR per case (A$)	143.1	116.3	23.1%	126.4	13.2%	1.4%
EBITS	**115.2**	**85.2**	**35.2%**	**100.2**	**14.9%**	**(8.6)%**
EBITS margin (%)	*23.7%*	*18.3%*	*5.5ppts*	*19.8%*	*4.0ppts*	*1.3ppts*

Financial performance

Volume and **NSR** declined 15.4% and 4.3% respectively, driven by:

- Premium portfolio declines, partly offset by strong Luxury portfolio performance
- Excluding NPD, depletions exceeded shipments by approximately 0.2m cases due to increased focus on inventory management by distributors and retailers

NSR per case increased 13.2%, reflecting increased contribution from the Luxury portfolio and price increases on key Luxury and Premium brands

COGS per case increased 2.8% due to the portfolio mix shift, partly offset by benefits from the global supply chain optimisation program

CODB increased 11.6%, driven by employee remuneration increases and the normalisation of organisational staffing levels following pandemic related impacts on labour availability during the pcp

EBITS increased 14.9% to $115.2m, with **EBITS margin** increasing 4.0ppts to 23.7%; on an organic basis EBITS declined 8.6%

Note: From F24, TWE's Canadian operations will be re-organised to better reflect the way brands are being managed. Effective 1 July 2023, the results of Canada will be separated and reported within Treasury Americas and Treasury Premium Brands. Appendix 2 contains the historical performance of Canadian operations that will be reported in Treasury Premium Brands

Division insights

- 1H23 performance reflects several US category trends and TWE performance drivers:

  Luxury Wine
  - Category trends remain strong across all channels, however due to the lower yielding 2020 Californian Vintage, Luxury volumes remain constrained for the remainder of F23
  - In 1H23, Luxury shipments were ahead of expectations, led by Frank Family Vineyards which shipped ahead of plan to meet demand and build targeted distribution expansion

  Premium Wine
  - Category trends have shown softer consumer demand in 2Q23 in the $8 to $11 price points, relative to expectations, which impacted sales volume for the 19 Crimes Australian-sourced portfolio and Sterling Vineyards;
  - Category trends in the $11 - $15 price point have remained steady, but slightly below TWE expectations, which moderated the expected growth for 19 Crimes Cali Collection innovations
  - Martha's Chard was the number one US wine market innovation of 2022. Cali Gold, released in 1H23, became the number one sparkling innovation of 2022 in just 19 weeks[7]

  Revenue management
  - Successful implementation of price increases on priority brands, including the Luxury portfolio and Matua, supported NSR and EBITS margin growth

- Trading conditions are expected to remain consistent throughout F23, with increased activation for the Premium portfolio planned to deliver a balanced earnings profile across the year. EBITS margin is expected to shift towards 23% as portfolio mix re-balances

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[5] 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

[6] On a constant currency basis, excluding the contribution of divested and acquired portfolio brands in Treasury Americas. Refer to Appendix 1 for details

[7] IRI, Total US MULO + Convenience, calendar year ending 1 January 2023

Divisional Performance Overview

Treasury Premium Brands[8]

A$m (unless otherwise stated)	1H23	Reported Currency 1H22	Reported Currency %	Constant currency 1H22	Constant currency %
Volume (m 9Le)	**7.3**	**8.1**	**(10.5)%**	**8.1**	**(10.5)%**
NSR	**389.3**	**418.4**	**(7.0)%**	**407.8**	**(4.5)%**
ANZ	184.5	203.9	(9.5)%	203.2	(9.2)%
Asia	43.0	35.7	20.4%	35.5	21.1%
Americas	–	–	–	–	–
EMEA	161.8	178.7	(9.5)%	169.1	(4.3)%
NSR per case (A$)	*53.5*	*51.5*	*3.9%*	*50.2*	*6.6%*
EBITS	**45.0**	**39.0**	**15.4%**	**31.8**	**41.6%**
EBITS margin (%)	*11.6%*	*9.3%*	*2.2ppts*	*7.8%*	*3.8ppts*

Financial Performance

Volume and **NSR** declined 10.5% and 4.5% respectively, driven by:

- Reduced Commercial portfolio volumes in EMEA and Australia, reflecting continued category trends for these price points
- Strong growth in South-East Asian markets including the Philippines, Singapore, Thailand and Malaysia, however momentum was impacted in Mainland China and Hong Kong due to ongoing pandemic-related restrictions
- Combined, Premium and Luxury portfolio NSR was broadly in line with the prior year

NSR per case increased 6.6% reflecting the benefit of price increases across select portfolio brands and improved portfolio mix, with the Premium and Luxury portfolios contributing 61% of divisional NSR (up from 58% in 1H22)

COGS per case increased 2.0% reflecting a higher Luxury portfolio mix, with COGS benefits from the global supply chain optimisation program being the key driver of gross margin improvement

CODB improved 7.4% reflecting a gain on sale of assets of $5.9m and prioritisation of brand investment, partly offset by employee remuneration increases

EBITS increased 41.6% to $45.0m, and **EBITS margin** improved 3.8ppts to 11.6%

Division insights

- Key 1H23 execution highlights include:
  - Further progression towards key divisional financial priorities, including portfolio premiumisation, EBITS growth and EBITS margin expansion
  - Successful implementation of price increases, primarily in the UK across the Premium portfolio, with further price increases implemented in 2H23
  - Continued growth of 19 Crimes across all Treasury Premium Brands regions, with NSR increasing 11% in 1H23
- Treasury Premium Brands focus on innovation and portfolio expansion continued in 1H23 with the launch of the Bagnums sustainable pack format for Squealing Pig and Wolf Blass, and the introduction of 19 Crimes Cali Collection tiers in EMEA
- Continued growth momentum in Asia is being led by expanded distribution of priority brands, including Wynns which was launched in Korea, Taiwan and the Philippines through 1H23
- Wine category conditions remained generally robust across a number of Treasury Premium Brands key markets through 1H23, however in the UK softness in the Commercial and entry-level Premium price points reflects the impact of cost inflation on consumer confidence and the normalisation of consumption volumes to pre-pandemic levels
- Trading conditions for the remainder of F23 are expected to remain broadly consistent across key global markets and channels

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[8] 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

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Balance Sheet (condensed)[9]

A$m	1H23 31-Dec-22	F22 30-Jun-22	1H22 31-Dec-21
Cash & cash equivalents	684.9	430.5	617.1
Receivables	574.6	564.4	614.4
Current inventories	1,014.3	947.9	913.8
Non-current inventories	1,028.5	1,063.6	966.7
Property, plant & equipment	1,587.6	1,521.5	1,487.8
Right of use lease assets	400.3	435.3	439.0
Agricultural assets	28.2	32.9	29.5
Intangibles	1,421.7	1,399.8	1,367.7
Tax assets	124.3	163.5	177.7
Assets held for sale	3.0	35.6	30.8
Other assets	93.1	68.7	23.1
Total assets	**6,960.5**	**6,663.7**	**6,667.6**
Payables	668.8	747.2	681.0
Interest bearing debt	1,353.8	1,064.7	1,272.3
Lease liabilities	558.4	609.0	605.0
Tax liabilities	344.1	347.2	330.5
Provisions	76.7	81.0	100.4
Other liabilities	47.6	25.6	17.9
Total liabilities	**3,049.4**	**2,874.7**	**3,007.1**
Net assets	**3,911.1**	**3,789.0**	**3,660.5**

Net assets increased $122.1m to $3,911.1m at 31 December 2022. Adjusting for foreign exchange rate movements, net assets increased by $159.7m

Working capital increased $120.0m driven by higher **Inventory** following the 2022 Californian vintage (including increased sourcing for Frank Family Vineyards), and a decline in **Payables** in line with the seasonal timing of grower payments

Versus 31 December 2021, **Inventory** increased $162.3m to $2,042.8m:

- Current inventory increased $100.5m to $1,014.3m, driven by strong demand for TWE's Luxury portfolio and higher cost Luxury vintages from 2020
- Non-current inventory increased $61.8m to $1,028.5m, reflecting higher Premium inventories
- Total Luxury inventory increased 5.0% to $1,181.1m

Property, Plant & Equipment increased $66.1m following the acquisition of Chateau Lanessan and a previously leased vineyard in the US

Intangible assets increased by $21.9m to $1,421.7m, reflecting the acquisition of Chateau Lanessan.

Assets held for sale declined $32.6m following the disposal of surplus supply chain assets in the US and Australia.

Net Borrowings[10] (including Lease Liabilities) decreased $15.9m to $1,227.4m, including a reduction in US vineyard lease liabilities

Net debt to EBITDAS[11] 1.7x, down from 1.8x at 30 June 2022, and below TWE's up to 2.0x 'through the cycle' target

Funding structure includes committed debt facilities totalling $2.2bn, of which $814.2m were undrawn at 31 December 2022. New US Private Placement Notes totalling US$250m were issued in June 2022 and funded during 1H23. The weighted average term to maturity of committed debt facilities was 4.4 years.

Total liquidity, comprising cash and committed undrawn debt facilities, totalled $1.5bn at 31 December 2022

[9] Unless otherwise stated, balance sheet percentage or dollar movements are from 30 June 2022 and on a reported currency basis. Prior year restated to reflect the final purchase price accounting for Frank Family Vineyards and Societe Civile de la Gironville – refer to Note 24 of the 2022 Annual Report

[10] Interest bearing debt *includes* fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of US Private Placement notes: 1H23 $(20.7)m, 1H22 +$15.2m

[11] Adjusted to include last twelve months EBITDAS for Frank Family Vineyards

Cash flow – reconciliation of net debt[12]

A$m	1H23	1H22
EBITDAS	**381.3**	**335.7**
Change in working capital	(115.7)	52.9
Other items	(7.5)	8.3
Net operating cash flows before financing costs, tax & material items	**258.2**	**396.9**
Cash conversion	**67.7%**	**118.2%**
Payments for capital expenditure	(65.5)	(58.6)
Payments for subsidiaries	(55.8)	(439.7)
Proceeds from sale of assets	22.1	1.5
Cash flows after net capital expenditure, before financing costs, tax & material items	**159.0**	**(99.8)**
Finance costs paid	(37.5)	(34.2)
Tax paid	(53.6)	(50.9)
Cash flows before dividends & material items	**67.9**	**(184.9)**
Dividends/distribution paid	(115.5)	(93.8)
Cash flows after dividends before material items	**(47.6)**	**(278.7)**
Material item cash flows	50.0	143.7
On-market share purchases	(8.2)	(10.3)
Total cash flows from activities (before debt)	**(5.7)**	**(145.4)**
Net proceeds from borrowings	258.0	307.8
Total cash flows from activities	**252.2**	**162.5**
Opening net debt	**(1,254.3)**	**(1,057.7)**
Total cash flows from activities (above)	(5.7)	(145.0)
Lease liability additions	(14.0)	(6.9)
Lease Liability disposed	44.0	6.0
Debt revaluation and foreign exchange movements	(15.1)	(37.4)
(Increase) / Decrease in net debt	**9.2**	**(183.3)**
Closing net debt[13]	**(1,245.1)**	**(1,241.0)**

Cash conversion of 67.7% reflects the return to a normalised working capital cycle, and was lower than the pcp which benefited from the smaller 2021 Californian vintage and earlier sales phasing of export shipments to reduce supply chain risks; excluding the net change in non-current Luxury and Premium inventory, cash conversion was 62.9%, with full year delivery expected to be in line with the 90% or higher target

Capital expenditure (capex) of $65.5m includes maintenance and replacement capex of $36.4m, the purchase of a previously leased vineyard in the US for $25.4m and growth capex of $3.7m. Ongoing expectation for maintenance and replacement capex of approximately $100m

Investment in subsidiaries of $55.8m is driven by the acquisition of Chateau Lanessan in October 2022

Sale of assets of $22.1m relates to the disposal of surplus supply assets in Australia.

Material item cash flows includes proceeds from the sale of surplus supply assets in the US, partly offset by costs associated with the acquisition of Chateau Lanessan

[12] Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis. Prior year restated to reflect the final purchase price accounting for Frank Family Vineyards and Societe Civile de la Gironville – refer to Note 24 of the 2022 Annual Report

[13] Net debt *excludes* fair value adjustments related to derivatives in a fair value hedge relationship on a portion of US Private Placement notes: 1H23 $(20.7)m, 1H22 +$15.2m

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Vintage update

Australia

Good winter and above average spring rainfall kicked the season off to a solid start across South-Eastern Australia. However, continued high rainfall and humid weather, followed by significantly cooler temperatures across most regions, has delayed the season by as much as three weeks. Drier conditions across late December and January, with increased warm weather, has raised confidence for a high-quality harvest but with likely below average volumes. The good rainfall across Australia has resulted in the replenishment of important water resources, which will benefit future vintages.

California

Vintage 2022 was variable in nature, as regions across California experienced different growing conditions and weather events. Industry yield is expected to be similar to 2021, lighter than average. For TWE, early varieties and cooler regions were a highlight, supporting intake for Luxury growth including Frank Family Vineyards, Stags' Leap and Etude, as was Cabernet from the cooler southern end of Napa Valley.

New Zealand

Good winter rainfall has positioned New Zealand for a high quality, average volume 2023 vintage. Rainfall through the summer months has ensured healthy canopies, good water availability and maintained crop size potential.

France

Despite a challenging growing season, with record drought and heatwaves, Vintage 2022 industry volumes were as expected and quality promising. For TWE it was a high-quality vintage from Bordeaux, benefitting from the incremental investment in production assets in 2022 to support future growth of the Penfolds French portfolio.

Italy

Despite challenging growing conditions in Italy, vintage 2022 industry intake was slightly above average. For TWE company owned vineyards, intake was reduced by the impact of a hailstorm across some vineyards which resulted in early harvesting of some grapes. Total production and quality were however in line with demand.

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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
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 1H23: AUD/USD 0.6701 (1H22: AUD/USD 0.7321), AUD/GBP 0.5702 (1H22: AUD/GBP 0.5369) Period end exchange rates used for balance sheet items in 1H23: AUD/USD 0.6763 (F22: AUD/USD 0.6883), AUD/GBP 0.5610 (F22: AUD/GBP 0.5677)
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.

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Appendix 1: Contribution of divested and acquired Treasury Americas brands

Metric	1H22 Divested US brands[1]	1H23 Frank Family Vineyards[2]
Volume (m9le)	0.2	0.1
NSR (A$m)	20.0	69.4
EBITS (A$m)	5.1	29.7

1. 1H22 contribution of Provenance (divested November 2021) and Chateau St Jean (divested December 2021)
2. 1H23 contribution of Frank Family Vineyards (acquired December 2021)

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Appendix 2: Treasury Premium Brands Canada performance metrics

The following information reflects the historic performance of the portion of TWE sales in Canada that will be allocated to Treasury Premium brands from F24.

Metric	1H23	F22
Volume (m9le)	0.4	0.6
NSR (A$m)	17.5	34.0
EBITS (A$m)	2.5	7.1

TPB restated

A$m (unless otherwise stated)	1H23	F22
Volume (m 9Le)	**7.6**	**16.0**
NSR	**406.7**	**830.1**
ANZ	184.5	382.1
Asia	43.0	72.7
Americas	17.5	34.0
EMEA	161.8	341.2
NSR per case (A$)	*53.3*	*52.0*
EBITS	**47.5**	**86.8**
EBITS margin (%)	*11.7%*	*10.5%*

TAM restated

A$m (unless otherwise stated)	1H23	F22
Volume (m 9Le)	**3.0**	**7.3**
NSR	**467.5**	**929.3**
ANZ	–	–
Asia	–	–
Americas	467.5	929.3
EMEA	–	–
NSR per case (A$)	154.2	126.7
EBITS	**112.6**	**178.5**
EBITS margin (%)	*24.1%*	*19.2%*

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Appendix 3: Reconciliation of key performance measures

Metric (A$m unless otherwise stated)	Management calculation	1H23	1H22
EBITS	Statutory net profit	188.2	109.1
	Income tax expense	72.3	46.9
	Net finance costs	37.6	34.7
	Material items (gain) / loss	(19.7)	45.6
	SGARA (gain) / loss	29.0	26.2
	EBITS	**307.5**	**262.4**
EBITDAS	EBITS	307.5	262.4
	Depreciation & Amortisation	73.9	73.3
	EBITDAS	**381.3**	**335.7**
EPS	Statutory net profit	188.2	109.1
	Material items (gain) / loss	(19.7)	45.6
	Tax on material items	4.3	(10.6)
	SGARA	29.0	26.2
	Tax on SGARA	(8.2)	(7.2)
	NPAT (before material items & SGARA)	**193.7**	**163.2**
	Weighted average number of shares (millions)	721.8	721.4
	EPS (cents)	**26.8**	**22.6**
ROCE	EBITS (LTM)	568.8	491.5
	Net assets	3,911.1	3,660.5
	SGARA in inventory	(22.4)	(29.5)
	Net debt	1,245.1	1,240.9
	Capital employed – Current year	**5,133.8**	**4,871.9**
	Net assets (CFX)	3,744.0	3,616.7
	SGARA in inventory (CFX)	(29.3)	(23.9)
	Net debt (CFX)	1,324.6	1,072.8
	Capital employed – Prior year (CFX)	**5,010.0**	**4,665.6**
	Average capital employed	5,071.9	4,768.8
	ROCE[14]	**11.2%**	**10.3%**

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[14] Includes impacts from divested and acquired portfolio brands in Treasury Americas