TREASURY
WINE ESTATES

ANNUAL REPORT 2019

ABOUT TWE

Treasury Wine Estates (TWE) is one of the world's leading wine companies, listed on the Australian Securities Exchange. With a portfolio of outstanding wine brands, prized viticultural assets and world-class production facilities, the Company's commitment to delivering shareholder value is underpinned by its passion for crafting, marketing and selling quality wine for consumers. It achieves this through building sustainable partnerships with customers and other industry partners, globally. TWE employs approximately 3,500 talented people across four key regions, with wine sold in more than 100 countries around the world.

3,500
employees

We employ approximately 3,500 talented people across the globe

100+
countries

Our iconic wines are sold in more than 100 countries across the world

4
regions

We are focused on four principal regions across the world: Australia and New Zealand; the Americas; Europe; and Asia

13,000
hectares

We access approximately 13,000 planted hectares of vineyards in some of the world's most sought-after winemaking regions

CONTENTS

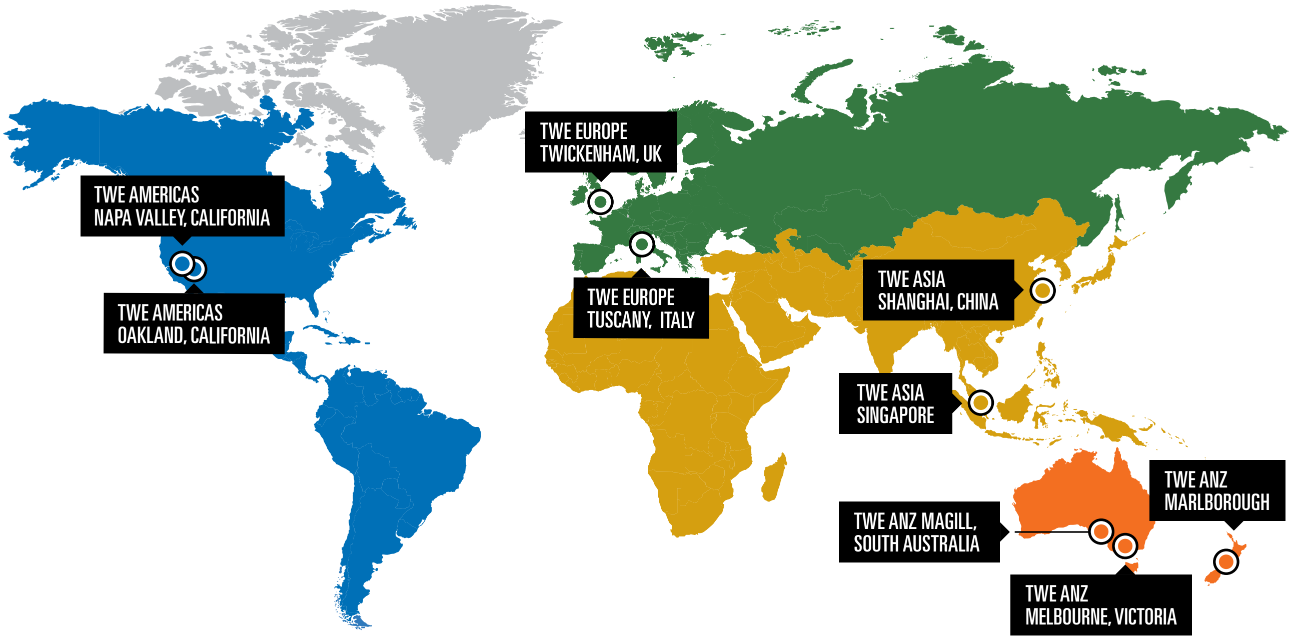
IMPORTANT INFORMATION

This report contains certain forward looking statements, which may be identified by the use of terminology including 'expects', 'believes', 'targets', 'likely', 'should', 'could', 'intends', 'aims' or similar expressions. Indicators of and guidance on future earnings and financial position are also forward looking statements. These forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TWE, and which may cause actual results to differ materially from those expressed or implied in such statements. Further information on important factors that could cause actual results to differ materially from those projected in such statements is included in the Material Business Risks section of the Operating and Financial Review. Readers are cautioned not to place undue reliance on forward looking statements.

References to 'TWE', 'Company', 'Group', 'we', 'us' and 'our' are to Treasury Wine Estates Limited and/or, except where the context otherwise requires, its subsidiaries. References to 'F19' and 'F20' are to the periods 1 July 2018 to 30 June 2019 and 1 July 2019 to 30 June 2020 respectively. All currency referred to in the report is in Australian dollars, unless otherwise stated.

In this report Hong Kong Special Administrative Region of the People's Republic of China has been referred to as 'Hong Kong'.

OUR LOCATIONS[1]



AUSTRALIA & NEW ZEALAND[2]

AU **72** vineyards

NZ **9** vineyards

AU **8,651** planted hectares

NZ **498** planted hectares

AU **8** wineries

NZ **1** winery

AUSTRALIA
Corporate head office:
Melbourne, Victoria

NEW ZEALAND
Country head office:
Marlborough

ASIA

SOUTH EAST ASIA
Regional head office:
Singapore

NORTH ASIA
Regional head office:
Shanghai, China

AMERICAS[2]

US **44** vineyards

US **3,728** planted hectares

US **7** wineries

US
Regional head office:
Napa Valley, California

Regional head office:
Oakland, California

EUROPE[2]

EU **2** vineyards

EU **148** planted hectares

EU **1** winery

UK
Regional head office:
Twickenham, Middlesex

ITALY
Country head office:
Gabbiano, Tuscany

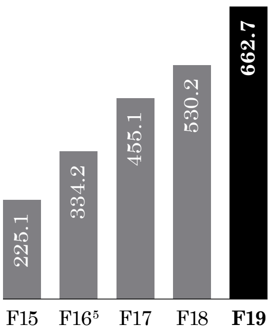
1. Locations marked on the global map represent corporate and regional head offices. TWE also maintains other major operations across all regions of its business.
2. Information current as at 30 June 2019.

AT A GLANCE[1]

- F19 EBITS[2] up 25% to $662.7 million; EBITS margin accretion of 1.6 percentage points to 23.4%
- EPS (before material items and SGARA) up 17% to 60.4 cents per share
- Return on Capital Employed accretion to 14.9%
- F19 EBITS growth contributed to a 5 year EBITS CAGR[3] of 30%; EBITS growth of 15% to 20% in F20 reiterated[4]
- Final dividend of 20 cents per share (fully franked); F19 annual dividend of 38 cents per share, up 19% on the prior period

EBITS

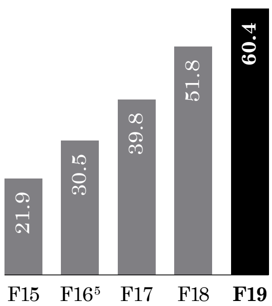
(A$ million)



25% increase

EPS (BEFORE MATERIAL ITEMS AND SGARA)

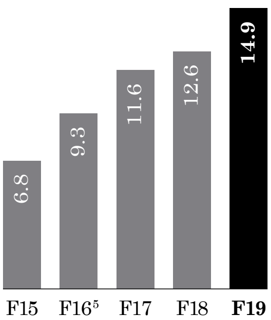
(Earnings Per Share) (cents)



17% increase

ROCE

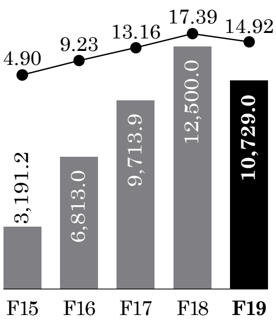
(Return on Capital Employed) (%)



2.3 ppts increase

MARKET CAPITALISATION

(A$ million)



14% decline in market capitalisation

Share price ($ at 28 June)

1. Unless otherwise stated, all figures and percentage movements are stated on a reported currency basis and are subject to rounding.
2. Earnings before interest, tax, SGARA and material items.
3. Compound Annual Growth Rate.
4. Assuming no material changes due to vintage or foreign exchange movements. Does not include impacts from the application of AASB 16 *Leases* or one-off charges of approximately $35 million associated with the expansion of Luxury winemaking infrastructure in South Australia.
5. F16 ROCE, EPS and EBITS were restated in F17 in accordance with revised accounting standards.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

PAUL RAYNER
Chairman

MICHAEL CLARKE
Chief Executive Officer

Fiscal 2019 represented another year of high-quality financial results for our shareholders, and affirmed our enduring commitment to delivering against our Company strategy, as the world's only truly global wine company.

INTRODUCTION

Dear shareholders,

We are pleased to present the 2019 Annual Report for Treasury Wine Estates Limited.

Fiscal 2019 represented another year of high-quality financial results for our shareholders, and affirmed our enduring commitment to delivering against our Company strategy, as the world's only truly global wine company.

We maintained strong momentum in our performance, which was evident through our focus on premiumisation, the disciplined investments we have made in our business and the exceptional execution by our global team.

Our competitively advantaged business models and collaborative customer partnerships have enabled the team to continue to deliver strong growth, even in the face of some industry challenges during the year in the current competitive and macro-economic landscape.

OVERVIEW OF RESULTS

In F19, Group EBITS increased 25% to $662.7 million, delivering a five year EBITS CAGR of 30%, while our EBITS margin increased 1.6 percentage points to 23.4%, demonstrating continued progress on our journey to a Group EBITS margin of 25% and beyond.

We were particularly pleased with the growth of our Luxury and Masstige brands, which grew 27% and now represent 69% of total net sales revenue in F19 – up from 43% when we started our journey of premiumisation five years ago.

Critical progress was made throughout the year on a number of important initiatives as part of our strategy. In the Americas, we completed our first full financial year operating under the new route-to-market model, delivering growth despite the period of significant operational change, and within a challenging US wine market. Our performance in the Americas has been delivered through collaboration with both our distribution and retail partners, and importantly, we still see significant opportunity to drive improvement and fully capture the new opportunity for our business in the US.

In Asia we have continued to optimise our routes-to-market, and in China specifically we have again delivered outstanding growth by leveraging our competitively advantaged business model, and focusing on expanding availability of Luxury wine across the country. As highlighted previously, our business model focuses on distribution through our own local team who directly own and manage relationships with our wholesale and retail partners.

This competitively advantaged model positions us apart from other players, and we believe that companies like TWE, who have actively invested in their model to drive direct engagement, are best placed to succeed in China over the long term. As we continue to consider increasing our presence and being part of the fabric of China, we will continue to invest in our business model to realise the long-term potential of our business in Asia.

Our diverse portfolio of brands continued to drive growth and gain recognition on the world stage, with Penfolds again recognised as the World's Most Admired Brand in 2019 by *Drinks International* and 19 Crimes earning 'Hot Brand' status from *Impact* Magazine in the US for its sustained market success. As a true demonstration of category leadership, TWE's Living Wine Labels augmented reality app went from strength to strength in F19, surpassing four million downloads globally. Available in multiple languages and markets around the world, Living Wine Labels brings interactive brand experiences across 19 Crimes, Wolf Blass, Matua, Beringer Bros., Maison de Grand Esprit, Penfolds and Squealing Pig to life on the wine bottle.

All regions contributed to our F19 result, with key highlights as follows:

- Americas reported 13.3% EBITS growth to $218.7 million and an EBITS margin of 19.3% whilst successfully embedding route-to-market changes and investment in the US. Premiumisation continues to be a key driver of performance, with increased Luxury and Masstige volumes complemented by growth in Canada and Latin America.
- Asia reported 43% EBITS growth to $293.5 million and an EBITS margin of 39.2%, driven by increased availability of Luxury wine, growing demand for TWE's portfolio of brands and outstanding execution. TWE continues to invest in driving distribution, brand building and organisational capability throughout the region to support future growth.
- Australia and New Zealand (ANZ) reported 15% EBITS growth to $156.5 million and an EBITS margin of 26%, driven by growth across the Masstige and lower Luxury portfolios, improving performance in the on-premise channels and an ongoing focus on managing costs.
- Europe reported 3.8% EBITS growth to $51.4 million and an EBITS margin of 14.9%, driven by targeted investment behind priority brands in focus markets throughout the region.

CORPORATE RESPONSIBILITY

At the heart of the Company is a commitment to being sustainable in everything we do. In F19 we continued to integrate an even greater environmental, social and governance (ESG) focus across the business, and delivered against our Corporate Responsibility framework, which is structured against four key pillars of Performance, Planet, People and Product.

In F19 we are proud to present the Company's second annual Sustainability Report, which outlines our achievements in this important area. Our work is informed by relevant best practice initiatives and frameworks including the Global Reporting Initiative (GRI), the United Nations (UN) Global Compact, and the UN Sustainable Development Goals (SDGs). TWE has identified seven priority SDGs with which to align the Company, and remains committed to delivering programs that contribute to their achievement.

With the health, safety and wellbeing of our people being paramount, we refined our Global Workplace Health, Safety and Wellbeing strategy, acting with the knowledge that a strong safety culture underpins our business performance. We continued the delivery of our Destination Zero Harm program, which ensures everyone keeps safety top of mind, and we introduced an 'I Care' initiative, which encourages everyone at TWE to demonstrate care for each other's health and safety, for their quality of work, and for the environment. We also led an increase in the number of safety conversations held by team members, as a measure of leadership's engagement on health and safety with people across our business.

BALANCE SHEET STRENGTH AND DIVIDEND

TWE maintains financial metrics that are consistent with an investment grade credit profile. The Company's balance sheet continues to be strong, efficient and flexible. Lease adjusted net debt/EBITDAS was 1.7x in F19, representing a reduction of 0.2x in the year. Total capex for the year was $160 million of which maintenance and replacement spend was $132 million, in line with our guidance. Growth capex of $28 million represented investment in vineyard acquisitions, IT systems and Simplify for Growth initiatives, which continuously focus on identifying opportunities to remove complexity and improve operational efficiency. Cash conversion of 75.8% was above the guided 60-70% range, a result of cycling through route-to-market changes, an improved sales order profile in the US, and efficient inventory management for the 2019 Australian vintage. Excluding TWE's F19 investment in non-current Luxury and Masstige inventory, which will be released in future years to support earnings growth, cash conversion was 92.4%.

Earnings Per Share increased 18% to 58.4 cents per share, and Return on Capital Employed increased 2.3 percentage points to 14.9% – another year of significant incremental returns for our shareholders – and a reflection of our disciplined and sustainable approach to managing our capital base.

Given the Company's strong result in F19, TWE is pleased to declare a final dividend of 20 cents per share, fully franked, which brings the total dividend for F19 to 38 cents per share, up 19% on the prior year.

THANKS AND CONCLUSION

Looking ahead, TWE is well placed to continue the successful execution of its premiumisation strategy in F20 and beyond. The 2019 Australian vintage represents yet another outstanding Luxury intake for TWE, and current investments in French production assets and Australian Luxury winemaking capacity will support the next phase of the premiumisation journey.

Further strengthening of the Company's route-to-market remains a priority, particularly in the US and Asia, both of which remain attractive regions for premium wine consumption and where TWE sees significant opportunity to continue growing a focused portfolio of brands.

The Simplify for Growth program, targeting operational efficiency and enhanced returns from brand building investment will continue to support cost optimisation, and TWE will increasingly leverage the newly established Global Business Services function over time.

We would like to acknowledge the outstanding efforts of our people, who have consistently embodied our growth behaviours of focus, belief, trust and collaboration to deliver such a strong set of results. At the same time, they have demonstrated care not only for each other but for the results of the Company, and displayed tremendous resilience in the face of industry challenges across the year. We are proud to have such a diverse, high calibre team that is committed to realising the potential for our business.

In closing, we would like to extend our thanks to you, our shareholders, for your ongoing belief, investment and support of TWE.

Kind regards,

Paul Rayner
Chairman

Michael Clarke
Chief Executive Officer

BRAND HIGHLIGHTS

PENFOLDS

INTRODUCING PENFOLDS SPECIAL BOTTLINGS

In F19 Penfolds launched *Special Bottlings*, a unique new tier inspired by Penfolds founders Mary and Christopher Penfold, pioneers who dreamed big, and had ambition and determination. This range, which includes a Pot Distilled Single Batch Brandy and a Spirited Fortified Wine with Baijiu, pushes the boundaries with an eclectic mix of experimental products outside of table wine. Penfolds Special Bottlings is a true reflection of the Penfolds spirit and a symbol of how the team works – yesterday and today.

WOLF BLASS

WOLF BLASS SPONSORS ICC AND RE-SIGNS AFL

Wolf Blass continues its affiliation with world sport, showcasing athletic journeys to triumph and owning the 'celebrate together' moments. In F19, Wolf Blass re-signed as 'Official Wine of the AFL', continuing a proud partnership extending from 2015. The brand also proudly sponsored the ICC Cricket World Cup in England and Wales, which is part of a three-year global partnership with the International Cricket Council and includes Official Wine Partner status of the ICC World T20 in Australia in 2020.

SEPPELT

SEPPELT ANNOUNCES MAJOR PARTNERSHIP WITH AUSTRALIA'S PREMIER RACING CLUB

In August 2018, Seppelt was announced as a Major Partner of the Melbourne Cup Carnival and Victoria Racing Club (VRC). The announcement includes naming rights of Seppelt Wines Stakes Day and builds on a 40-year partnership between TWE and the VRC. Seppelt had a strong presence throughout the 2018 Carnival with the Seppelt Marquee in the Birdcage enclosure and Seppelt Bar in The Park precinct. A selection of wines were available from additional venues at Flemington and in celebration of the new partnership, the winery's 2008 Show Sparkling was previewed exclusively at the Seppelt Marquee.

19 CRIMES →

19 CRIMES EARNS INDUSTRY APPLAUSE

19 Crimes, one of the fastest growing brands in TWE's portfolio, gained further recognition in F19 through numerous prestigious industry awards. For the third consecutive year, it earned 'Hot Brand' status in the US from *Impact* Magazine, acknowledging its market success. As the first wine brand to bring augmented reality to wine labels, 19 Crimes was also awarded a GOLD at the 2019 *REGGIE* awards competition, which recognises the best marketing campaigns activated by brands and agencies. This year, 19 Crimes also earned the most nominations of any company at the *REGGIE* awards for the *Shopper Marketing Campaign* category.

HOT BRAND

PENFOLDS ←

PENFOLDS AND CHAMPAGNE HOUSE THIÉNOT ANNOUNCE CHAMPAGNE COLLABORATION

Penfolds unveiled a new collaboration with family-owned Champagne House Thiénot. Three Champagnes, from the 2012 vintage, were created. This symbolically celebrates Penfolds 175th anniversary and marks the start of a wonderful French and Australian wine alliance. The inaugural global launch was held at The Ritz in Paris with an international guest list which included friends and a cross section of media from around the world.

ST HUBERTS THE STAG →

ST HUBERTS THE STAG ON SERVE AT THE AUSTRALIAN OPEN

TWE was announced as an official wine supplier of The Australian Open 2019. On-site activations were led by St Huberts The Stag, with The Vault – a branded tasting room that provided a complete cellar door experience in the heart of the Grand Slam Oval. In addition, wine from the TWE portfolio including Penfolds, Wynns and Seppelt were showcased across the two-week event, which saw more than 796,000 fans attend.

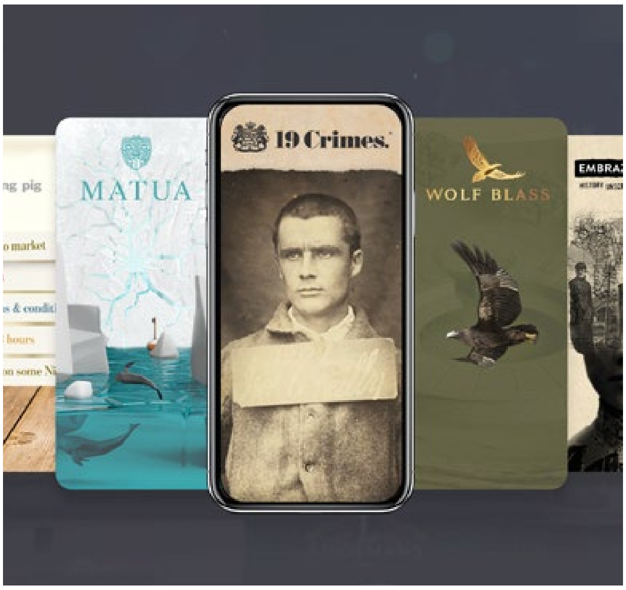
OFFICIAL WINE SUPPLIER

SQUEALING PIG

SQUEALING PIG BREAKS NEW TERRITORY FOR WINE

In August 2018, Squealing Pig introduced 250ml wine in cans in Australia. The new spritzed rosé and pinot grigio varietals are now the top two wine in cans sold in Australia[1]. The format opens up wine to more occasions and consumers who are attracted to the refreshing taste, convenience, portability and portion size. In June 2019 the quirky brand also launched a rosé gin in Australia, and a global collection of emerging varietals from five countries-of-origin in Europe.

NEW PRODUCT



LIVING WINE LABELS

LIVING WINE LABELS GROWS GLOBALLY

As a company leading the way with bringing augmented reality to wine labels, TWE's Living Wine Labels app has gone from strength to strength in F19, surpassing four million downloads globally and rating in the top 0.63% of Android apps[2]. The app is available in multiple languages and markets around the world including the US, Australia, China, South Korea, the UK and Canada. Interactive brand experiences across 19 Crimes, Wolf Blass, Matua, Beringer Bros., Maison de Grand Esprit and Squealing Pig have earned the unique platform a raft of accolades including '*Top Innovation of the Year*' by Chinese industry media at the Chengdu Wine Fair, a GOLD at the 2018 *REGGIE* marketing awards in the US and a Silver Effies US award for Marketing Innovation under the *Existing Channel* category.

MAISON DE GRAND ESPRIT

MAISON DE GRAND ESPRIT SPONSORS BEIJING DESIGN WEEK

As Official Wine Partner of 2018 Design China Beijing, Maison de Grand Esprit hosted a wine bar located at the central hub of the exhibition and created a series of four workshops by top Chinese modern designers – Qian Qingtong, Guangci Qu, Naihan Li, Zhoujie Zhang, which included wine tastings as well as exploring design and inspiration shared through the designers' own unique stories.

1. IRI Aus Liquor Unwtd Volume Canned Wine MAT to 12/05/19
2. Statista 2019

WOLF BLASS

WOLF BLASS GREY LABEL CELEBRATES 50 YEARS

In 1967, Wolfgang Blass created the first Grey Label wine (1967 vintage), a blend of 70% Cabernet and 30% Shiraz. This was the first wine to bear the Wolf Blass name. In 2019 we celebrate 50 years of this much-loved label with the release of the 2017 Grey Label Cabernet Shiraz and 2017 Grey Label Shiraz. Wolf Blass Grey Label red wines are unique and distinctive, rich in regional character and varietal expression. Highly acclaimed and proudly iconic, the Grey Label range offers benchmark South Australian reds from exceptional vineyards, crafted with the character to age impeccably yet with plush, rich, mid-palate fruit that allows for immediate enjoyment.

PENFOLDS

PENFOLDS RECOGNISED AS THE WORLD'S MOST ADMIRED WINE BRAND 2019 – BY *DRINKS INTERNATIONAL*

The prestigious award is voted by an international panel of more than 200 wine buyers, masters of wine and wine writers. Penfolds has been acknowledged in the top five brands on the list since the awards commenced in 2011 and first received the top accolade in 2016.

THE WORLD'S MOST ADMIRED WINE BRANDS 2019 DRINKS INTERNATIONAL

PENFOLDS RELEASES COLLECTION 2018 IN NEW YORK

GLOBAL RELEASE

Penfolds officially launched The Penfolds Collection 2018 in the cultural epicenter of New York, the first ever global release in the United States of America. This once-in-a-lifetime event marked the next step for Penfolds to establish a strong footprint in the US market and engage a new base of loyal customers. The gala evening brought to life Penfolds illustrious history and distinguished heritage, first established in 1844, for globally recognised tastemakers and industry insiders alike at Cedar Lake in West Chelsea, Manhattan.

BEAULIEU VINEYARD

BEAULIEU VINEYARD GEORGES DE LATOUR AUCTION LOT ATTRACTS $260,000 BID

At the 39th Auction Napa Valley Fundraiser, the most celebrated charity wine auction in the US held by the Napa Valley Vintners, Beaulieu Vineyard was honored to sell the 80th anniversary Georges de Latour Private Reserve Cabernet Sauvignon Celebration Lot for $260,000, contributing a significant amount to the nearly $12 million raised for the Napa Valley community, helping return the spotlight to Beaulieu Vineyard on Napa's biggest stage.

OPERATING AND FINANCIAL REVIEW

Treasury Wine Estates (TWE) is one of the world's largest publicly listed wine companies, listed on the Australian Securities Exchange (ASX). The Company is focused on delivering shareholder value through the production of wine, and marketing and selling quality wine brands for consumers around the world.

The following Operating and Financial Review contains details of the significant changes in TWE's state of affairs that occurred during the year ended 30 June 2019.

TWE'S BUSINESS ACTIVITIES

TWE's business activities in fiscal 2019 remained unchanged. TWE is a vertically integrated wine business focused on portfolio premiumisation supported by innovation, brand building investment and global sales and marketing execution.

TWE's brand portfolio is represented across the Luxury, Masstige and Commercial[1] price segments and sold in more than 100 countries around the world. Furthermore, TWE operates a balanced and sustainable sourcing model by diversifying its sourcing regions across Australia, the United States, New Zealand, Italy, France and other regions.

TWE employs approximately 3,500 winemakers, viticulturists, sales, distribution and support staff across the globe.

TWE'S ORGANISATIONAL STRUCTURE AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

TWE continues to be focused on four regional segments:

- Australia and New Zealand (ANZ)
- Americas
- Europe
- Asia

During the year, TWE made a series of management changes:

- Linnsey Caya (previously, Chief Legal Officer and Global General Counsel) was appointed Chief People and Legal Officer, based in Oakland (effective 1 September 2018);
- Katie Hodgson (previously, Senior Human Resources Director ANZ and Global Talent and Capability) was appointed General Manager People and Capability, based in Melbourne (effective 1 September 2018);
- Tim Ford (previously, Deputy Chief Operating Officer) was appointed Chief Operating Officer, based in Melbourne (effective 19 January 2019);
- Angus McPherson (previously, Managing Director ANZ and Europe) was appointed Managing Director ANZ, Europe, South East Asia, Middle East and Africa, based in Melbourne (effective 15 February 2019);
- Tom King (previously, Managing Director Europe) was appointed Chief Operating Officer – Asia (effective 1 November 2018) and was subsequently appointed Managing Director North Asia, based in Shanghai (effective 18 February 2019);
- Michael Brooks was appointed Director Global Supply Chain, based in Melbourne (effective 25 February 2019); and
- Carolyn Coon (previously Global Director Corporate Communications) was appointed Global Director Corporate Affairs, based in Melbourne (effective 14 March 2019).

These appointments continue to reflect the flexibility and depth of TWE's global talent pool at the executive leadership level.

1. TWE participates in three price segments; Luxury (A$20+), Masstige (A$10-A$20) and Commercial (A$5-A$10). Segment price points are retail shelf price.

Other than the above matters and those matters referred to in both the 'TWE Vision and Strategy' section of the Operating and Financial Review and the Financial Statements in this Annual Report, there have been no other significant changes in the state of affairs of the Group during the financial year.

TWE'S BUSINESS MODEL

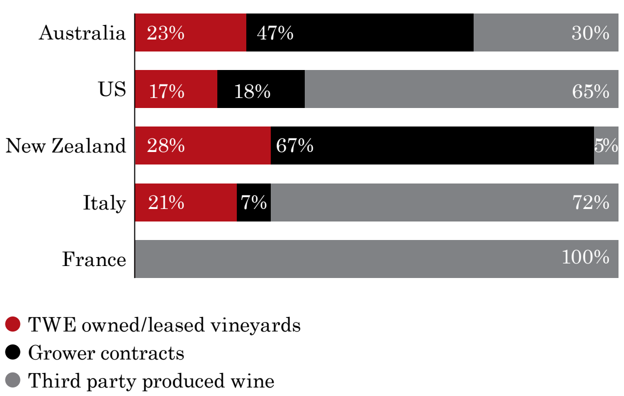
TWE is a vertically integrated wine business with three principal activities:

- Grape growing and sourcing
- Wine production
- Wine marketing, sales and distribution

Grape growing and sourcing

TWE secures access to grapes and bulk wine from a range of sources including Company-owned and leased vineyards, grower vineyards and the bulk wine market. The Company's sourcing mix varies by region as shown in Figure 1.

Figure 1: TWE's regional sourcing model



Proactively taking steps to de-risk TWE's global sourcing model by embedding flexibility and diversification across geographic regions, varietals and price segments continues to be a driver of the Company's sourcing strategy.

By embedding a diversified sourcing model as well as focusing on multi-region and multi-country sourcing, TWE is better able to manage vintage variation as well as grape and bulk wine pricing through periods of grape shortages and surpluses.

This diversification and flexibility also enables TWE to react to changes in consumer and customer preferences.

TWE owns and leases 9,149 planted hectares of vineyards in Australia and New Zealand and is the custodian of some of the most sought after viticultural assets in renowned winemaking regions, including the Barossa Valley and the Coonawarra in Australia, and Marlborough in New Zealand.

The Company also owns and/or operates 3,728 planted hectares in key viticultural regions in California, including Napa Valley, Sonoma County, Lake County and the Central Coast.

TWE continues to optimise its inventory holdings to support portfolio premiumisation and at the same time pursue initiatives to reduce production costs across the Luxury, Masstige and Commercial segments, globally.

Organisational focus on optimising production costs across TWE's global business continues and future incremental savings are expected to be delivered in the ordinary course of business.

At the same time, TWE continues to focus on securing increased access to Luxury and Masstige fruit across all its sourcing regions via vineyard acquisitions, vineyard leasing, entering into supply contracts with third party growers as well as increasing its sourcing of Commercial grade wine from the bulk wine market.

Wine Production

TWE owns world-class wine production and packaging facilities:

- In Australia, TWE owns and operates eight wineries and two packaging facilities. TWE's wines are primarily produced in South Australia and Victoria;
- In New Zealand, TWE owns one winery located in the Marlborough;
- In the US, TWE has seven wineries and one packaging facility located in the North and Central Coast regions of California; and
- In Europe, TWE owns one winery in Italy and on 27 July 2019 TWE acquired a winery in France.

Marketing, selling and distribution of TWE wine

TWE markets, sells and distributes its branded wine to a range of customers in more than 100 countries around the world, tailoring and optimising its route-to-market model by country to capitalise on regional insights and opportunities.

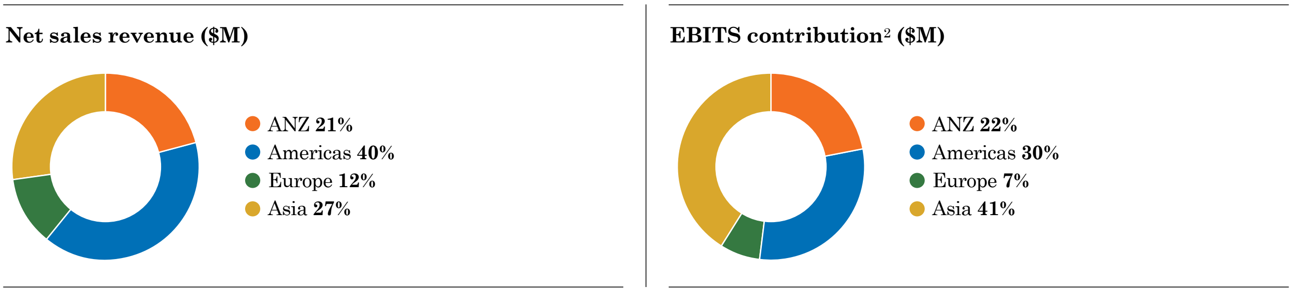
TWE generates its revenues and profits from the production, marketing and sale of its portfolio of branded wine.

The Company has taken deliberate action to embed greater balance across its regional earnings mix, sourcing models and earnings delivery.

Consequently, TWE's improving profitability is increasingly being driven by high-growth segments, being Luxury and Masstige, as well as improved profitability across all segments (including the Commercial segment).

Figure 2 shows the net sales revenue (NSR) and earnings before interest, tax, SGARA and material items (EBITS) contribution by region in F19.

Figure 2: TWE's business performance by region in F19



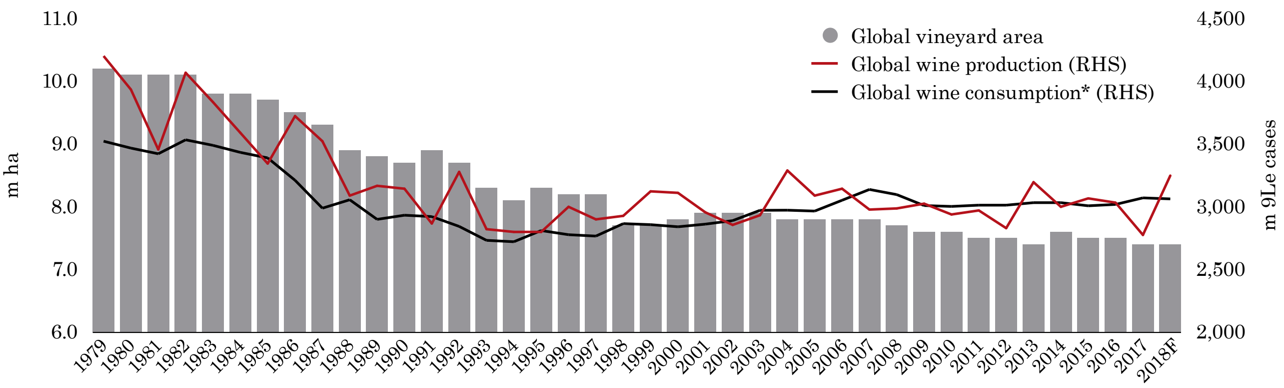
GLOBAL INDUSTRY OVERVIEW

Global wine production and consumption

Global wine production increased by 17% in 2018, driven by increased production in Italy, France and Spain, where 2017 vintages were affected by weather.

Consumption remained broadly in line with the prior year with increased consumption in the United States, the world's largest wine consumer, largely offset by lower total consumption in the United Kingdom and China.

Figure 3: Global wine production and consumption[3]



* Consumption figures include ~330m 9Le cases of wine used in the production of fortifieds and industrial applications.

2. Excludes corporate costs of $57.4 million.
3. International Organisation of Vine and Wine (OIV).

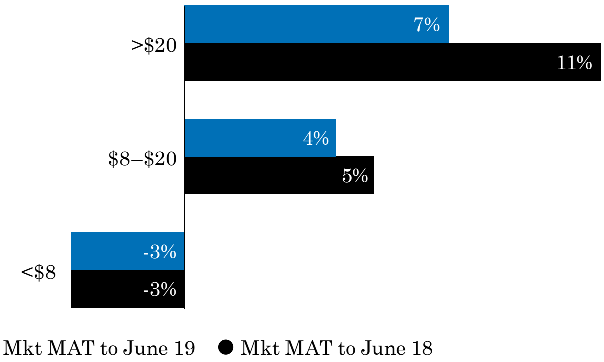
While total wine consumption volume is forecast to decline in some markets due to a flat to declining Commercial segment, consumer demand remains strong at the Masstige and Luxury price points and this is expected to continue, driving total wine category value growth.

Figure 4: Forecast five-year compound annual growth rate (CAGR) in wine consumption in key growth areas and markets[4]

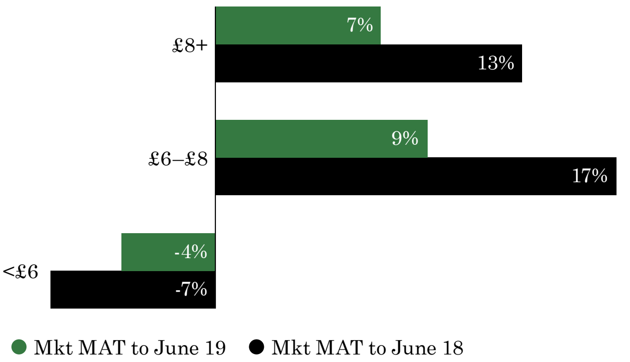
COUNTRY	CAGR (2018 – 2022F)
China	9.8%
Canada	1.2%
New Zealand	0.7%
US	(0.5%)
Japan	(1.2%)
Australia	(1.9%)
United Kingdom	(2.9%)

Figure 5: Value growth by price point

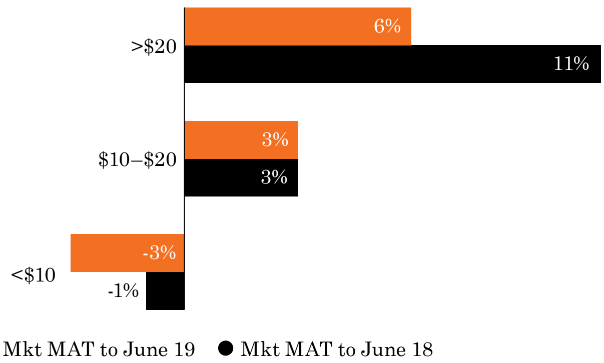
United States of America[5]



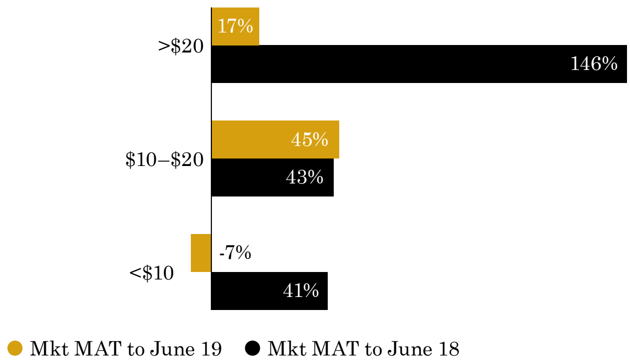
United Kingdom[6]



Australia[7]



Value growth of Australian bottled wine exports (freight on board) to China[8]



4. IWSR 2018, Still wine only, volume growth.
5. IRI Market Advantage, Table $4+, Still bottled wine only, MAT to 30 June 2019.
6. Nielsen (750mL bottled still wine only) MAT to 16 June 2019.
7. Aztec Sales Data | Off-premise Channel Only | Bottled wine only | Weighted MAT to 7 July 2019.
8. Wine Australia MAT to June 2019.

TWE VISION AND STRATEGY

TWE's strategic vision and strategic imperatives have remained consistent over the last five years and are set out in Figure 6:

Figure 6: TWE's vision and strategy

VISION: To be the world's most celebrated wine company

JOURNEY: Together we boldly lead change in the world of wine

	PEOPLE	BRANDS	MARKETS	PARTNERS	MODEL
STRATEGIC IMPERATIVES	**Build a high-performing organisation**	**Transform our portfolio**	**Win in priority markets**	**Develop long-term relationships**	**Optimise our capital base**
ACTIONS	• Drive an inclusive, supportive and collaborative culture • Grow capability now and for the future • Operate an efficient and sustainable structure	• Grow priority brands, one portfolio at a time • Expand into new countries-of-origin through virtual brands • Premiumise our portfolio • Invest to drive consumer pull • Deliver bigger, better campaigns	• Grow share in Asia through route-to-market (RTM) and portfolio expansion • Grow in US through premiumisation and RTM optimisation • Expand no.1 position in Australia through category leadership • Protect profitability in other key markets	• Connect and engage with consumers • Partner with key customers to grow wine category • Drive performance for all stakeholders	• Operate sustainably, safely and responsibly • Create supply chain cost and quality advantage • Address high cost structures in mature markets • Simplify processes and ways of working

BEHAVIOURS:

Focus on top priorities and deliver against them	Instil **belief** in our wines, our company and our people	Build **trust** by acting with integrity and holding ourselves to account	**Collaborate** with all stakeholders to achieve shared goals

STRATEGIC IMPERATIVE	PROGRESS AGAINST INITIATIVE IN F19
PEOPLE **Build a high-performing organisation** • Drive an inclusive, supportive and collaborative culture • Grow capability now and for the future • Operate an efficient and sustainable structure	In F19, TWE achieved the following: • Grew our capability, now and for the future, through: – Delivering capability campaigns to build business acumen and understanding of our wine value chain through 'Inspiring Growth: Vintage 19', which was attended by more than 500 employees in Australia and over 400 employees in the Americas region; – Launching LinkedIn Learning globally, a world-class on-demand online learning platform – providing access for all TWE employees to new and emerging skills, as well as TWE curated content; and – Strengthening functional capability with the launch of the TWE Way of Marketing, and Global Hospitality Academy, in addition to the continued roll out of TWE's Global Sales Academy. • Fostered a diverse, inclusive and collaborative culture through various initiatives, including expanding our TWEforSHE program to include Executive Leadership Team sponsorship for high potential/high performing women, with the objective of building our pipeline of senior female leaders; along with the continued implementation of TWE Tasker, our on-the-job, cross functional development program. • Operated an efficient and sustainable structure in support of our business goals, including the introduction of a Global Business Services team to support sustainable future growth.
BRANDS **Transform our portfolio** • Grow priority brands, one portfolio at a time • Expand into new countries-of-origin through virtual brands • Premiumise our portfolio • Invest to drive consumer pull • Deliver bigger, better campaigns	In F19, TWE achieved the following: • Accelerated Penfolds global luxury status through: – Driving strong increase in global demand leveraging new campaign and luxury credential building initiatives in key luxury markets – Asia and North America, launching our annual Penfolds collection in New York City; – Building trust marks through Penfolds Special Bottlings and Limited Release wines; – Global launch of Thiénot x Penfolds Champagne; and – Commemoration of its 175-year milestone. • 19 Crimes maintained strong growth through global expansion, disruptive marketing, in-store display and innovation into adjacent categories. • Squealing Pig became Australia's #1 Rosé and named best Rosé in the World (Best Wine of the World competition), expands into gin and launches in the UK. • Launched category led innovation to deliver Refreshment opportunities – Main & Vine Spritzer cans and Sterling aluminium bottles in US, as well as T'Gallant and Squealing Pig cans in Australia. • Launched French sourced Beaulieu Vineyard for China to extend portfolio and distribution and leverage the brand's French heritage.
MARKETS **Win in priority markets** • Grow share in Asia through RTM and portfolio expansion • Grow in US through premiumisation and RTM optimisation • Expand no.1 position in Australia through category leadership • Protect profitability in other key markets	In F19, TWE achieved the following: • Expanded distribution penetration in China into more cities and across more partners through increased allocation of Luxury wine. • Fully embedded changes to TWE's route-to-market in the US to strengthen the Company's competitive positioning, drive greater brand availability and distribution and deliver EBITS margin growth. • Invested in brand and price segments in Australia where TWE is below its commensurate category share, notably in lighter-wine styles (e.g. Rosé, Pinot Grigio) as well as alternate packaging formats including cans and wine on tap. • Europe delivered on its double digit EBITS margin target, supported by increased focus on priority Masstige brands, including 19 Crimes, Lindeman's and Wolf Blass and a continued focus on priority markets.

STRATEGIC IMPERATIVE	PROGRESS AGAINST INITIATIVE IN F19
PARTNERS **Develop long-term relationships** • Connect and engage with consumers • Partner with key customers to grow wine category • Drive performance for all stakeholders	In F19, TWE achieved the following: • Living Wine Labels achieved over 4 million global downloads and the app was launched into China. The platform has been the recipient of multiple Marketing Effectiveness awards, including the Effies US – Silver (Media innovation – Existing Channel), Chengdu Wine Fair (Top 10 Marketing Innovation of the Year, 2018-2019), Reggie – Silver (Creativity & Innovation). • TWE and Wolf Blass continued their affiliation with world sport, re-signing as 'Official Wine of the AFL' and also sponsoring the ICC Cricket World Cup in England and Wales in 2019. • TWE and Seppelt partnered with the Victoria Racing Club and the Melbourne Cup Carnival, acquiring the naming rights for the final day of racing, Seppelt Wines Stakes Day. • TWE's new route-to-market in the US has facilitated stronger direct relationships with retail and distributor partners.
MODEL **Optimise our capital base** • Operate sustainably, safely and responsibly • Create supply chain cost and quality advantage • Address high cost structures in mature markets • Simplify processes and ways of working	In F19, TWE achieved the following: • Continued to embed Destination Zero Harm, a behaviour-led safety culture program with the objective of zero harm across the Company; achieving a 50% reduction in our Serious Incident Frequency Rate from 3.4 to 1.7 in F19. • Invested in the development of mental health awareness and mental health management programs to be implemented in F20. • Continued optimisation of TWE's viticultural asset footprint including optimising balance between demand and supply for all varietals. • Increased access to Luxury and Masstige fruit to drive future premiumisation via select vineyard and winery acquisitions, investment in winemaking capability and access to third party grower contracts. • Progressed TWE's 'Simplify for Growth' initiative aimed at reducing duplicated processes and driving operational efficiencies. The establishment of the Global Business Services division was a key milestone in F19. • Establishment of a new US$350 million syndicated debt facility to be used for working capital and capital investment purposes to support the continued growth of the global business.

FUTURE PROSPECTS

TWE remains focused on leveraging its organisational, strategic and physical assets across the world to drive continued value accretion for its shareholders. Areas of current and ongoing business focus that will likely impact TWE's future operational and financial prospects include the following:

- Ongoing focus on premiumising TWE's portfolio, supported by TWE's non-current inventory of Luxury and Masstige wine.
- Investments in French production and vineyard assets and Australian Luxury winemaking capacity to support the next phase of the premiumisation journey.
- TWE expects to continue to launch new, virtual wine brands that are multi-regionally sourced from new countries-of-origin, as the Company positions itself as a truly global wine category manager.
- Ongoing focus on generating new revenue streams for TWE's brand portfolio and selectively pursuing potential opportunities for category adjacencies for some brands (e.g. Penfolds spirited wine, Squealing Pig Gin).
- Leveraging global expertise to invest in sales and marketing capability in TWE's key growth regions – North Asia and the US.
- Leveraging the new route-to-market in the US to drive greater brand availability, strengthened strategic retail and distributor partnerships and EBITS dollar and margin growth.
- TWE targets financial metrics that are consistent with an investment grade credit profile. TWE's balance sheet provides the Company with the flexibility to pursue value accretive opportunities for shareholders.
- Continuation of TWE's 'Simplify for Growth' program – an initiative launched in F18 targeting operational efficiency and enhanced returns from brand building investment.
- TWE expects to deliver approximately 15% to 20% EBITS growth on a reported basis in F20[1] and ongoing EBITS margin and Return on Capital Employed accretion in F20 and beyond.

1. Assuming no material changes due to vintage or foreign exchange movements. Does not include impacts from the application of AASB 16 *Leases* or one-off charges of approximately $35 million associated with the expansion of Luxury winemaking infrastructure in South Australia.

MATERIAL BUSINESS RISKS

There are various risks that could have a material impact on the achievement of TWE's strategies and future prospects.

Below are those risks that TWE considers of greatest materiality to the business, and existing mitigations against these risks.

RISK	DESCRIPTION	MITIGATION
Climate	TWE's ability to effectively respond to and manage the impacts of climate-related change may lead to adverse effects on business operations and performance. Restrictions on access to and/or an increase in the cost of water and energy, the introduction of a carbon price and emission reduction targets and the inability of third-party suppliers to adapt to and mitigate against climate change, could impact on TWE's ability to effectively source grapes and wine for production and may also impact TWE's cost base.	• Innovation investment, including collaboration with research institutes on climate change adaptation and water efficiency research, development and extension projects. • Environment Policy and Standard, monitoring and reporting systems. • Strategic climate change remediation investment plan and vineyard capital investment plan. • Innovative agronomic practices including investment in innovative technologies that use less water in vineyard, winery and packaging, such as drought resistant root stocks, and use of technology at key vineyards to monitor soil moisture and visualise water stress. • Sustainable Future program to drive best practice across all regions and gain consistent measurement of, and reduction targets for, water and energy.
Constrained grape supply	TWE's ability to fulfil demand, in particular growing demand for Luxury wine, is restricted by the availability of grapes. Climate change, agricultural and other factors, such as disease, pests, extreme weather conditions, water scarcity, biodiversity loss and competing land use, create increased risk that TWE will be unable to fulfil demand. To the extent that any of the foregoing impact the quality and quantity of grapes available to TWE for the production of wine, the financial prospects of operations could be adversely affected, both in the year of harvest and in future periods.	• Long-term vintage planning and ongoing demand planning processes. • Strategic climate change remediation investment plan and vineyard capital investment plan. • Defined programs to progressively reduce cost of goods sold over the next five years. • Balanced grape intake between owned/leased vineyards and third-party suppliers. • Multi-regional growing and sourcing. • Innovative agronomic practices. • Strong grower relationships and defined service level agreements. • Innovation investment, including collaboration with research institutes on climate change adaptation and water efficiency research, development and extension projects.
Loss of key leadership/ talent	TWE's ability to deliver on strategic targets is reliant on attracting and retaining experienced, skilled and motivated talent in core functions such as winemaking, sales and marketing. It also requires strong, resilient and effective leaders as the business grows at pace. Inability to retain key talent can impact relationships with TWE's key partners, result in lost business knowledge, increase risk of employee burnout and hamper the business' ability to deliver on key initiatives.	• Strategically aligned and targeted learning and development programs. • Talent review and succession planning processes. • Employee safety (including health and wellbeing) program. • Incentive and reward programs aligned to TWE's vision and growth behaviours. • Employee retention agreements.
Brand reputation/ damage	The strength of TWE's portfolio of brands is key to the success of the business. As a brand-led organisation, managing the reputation of brands, and mitigating the potential for events that could damage brands (e.g. social and environmental risks, counterfeited product, black market trade, inaccurate media coverage, unsatisfactory supplier performance, supplier environmental or social incidents, product quality issues, etc.) is critical to TWE's ongoing success. Failure to protect and effectively manage TWE's portfolio of brands could have significant reputational and financial repercussions.	• Brand portfolio and product strategy, including portfolio rationalisation, prioritisation and targeted investment in consumer marketing. • Consumer insights and innovation team supporting the monitoring and awareness of brand health and consumer trends. • Product pricing strategy and global pricing alignment. • Code of Conduct, Responsible Marketing Guidelines, Responsible Consumption program, Responsible Procurement Code, Environment Policy and Standard, Media Policy and Social Media Policy and incident management procedures. • Corporate Responsibility framework. • Global media monitoring (including social/digital media). • Brand and intellectual property protection strategies.

RISK	DESCRIPTION	MITIGATION
Partner performance and market concentration	TWE relies on a number of key partners (suppliers, distributors and retailers) to support delivery of key strategic initiatives. The suboptimal performance of these partners, and/or their market concentration and power, could have a significant impact on TWE's ability to deliver these initiatives.	• Multi-regional and diversified supplier, distributor and retailer base. • Defined and pre-approved terms of engagement. • Investment in strong and multifaceted key partner relationships. • Joint business planning processes to support and align internal and partner incentives. • Quarterly performance reviews.
Changing laws, regulations and geopolitical landscape	TWE operates in a highly regulated industry in many of the markets in which it makes and sells wine. Each of these markets have differing regulations and geopolitical landscapes that govern many aspects of TWE's operations, including taxation, production, manufacturing, pricing, marketing, advertising, distribution and sale of wine. Remaining compliant with and abreast of changes to such regulations requires diligent and ongoing monitoring by the business. Additionally, changes and additional regulations as well as government actions which influence or restrict international trade could significantly impact the nature of operations in these markets.	• Company-wide policies, standards and procedures. • TWE Compliance framework. • Crisis, Business Continuity and Disaster Recovery Plans. • Specialised and experienced resources and teams. • Executive Leadership Team oversight via the Risk, Compliance and Governance Committee. • TWE risk and assurance framework, including targeted reviews by external and internal audit and other specialist providers. • Relationships and engagement (where relevant) with key government, industry advocacy and regulatory bodies. • Flexible supply chain practices.
Significant business disruption and/or catastrophic damage or loss	TWE's scope of operations exposes it to a number of business disruption risks, such as environmental catastrophes, natural and man-made hazards and incidents, or politically motivated violence. Significant business disruption could result in TWE sites or employees being harmed or threatened, loss of key infrastructure, inventory shortages or loss, customer dissatisfaction, or financial and reputational loss.	• Crisis, Business Continuity and Disaster Recovery Plans, training and resources. • Dedicated health and safety team oversight, audit programs and training. • Preventative repair and maintenance program. • Multi-regional sourcing and production capability. • Comprehensive insurance program.
Foreign exchange rate impacts	TWE is exposed to foreign exchange risk from a number of sources, namely from the export of Australian produced wine to key offshore markets in North America and Europe. Foreign exchange rate movements impact TWE's earnings on a transactional and translational basis.	• Active foreign exchange hedging strategy. • Partial natural hedges (purchases and sales within the same currency) where possible. • Matched debt funding of assets by currency, where possible.
Information security/ cyber/fraud threat	Data/information security is essential to protect business critical intellectual property and privacy of data. Continuing advances in technology, systems and communication channels mean increasing amounts of private and confidential data are now stored electronically. This, together with increasing cyber-crime, heightens the need for robust data security measures.	• Information Security Policy, supporting framework and specialised resources. • Restricted and segregated management of sensitive business/supplier/customer data. • Periodic employee training and alerts to ensure secure handling of sensitive data. • Crisis, Business Continuity and Disaster Recovery Plans. • Periodic user access and general system penetration testing. • Program to monitor and detect cyber threats across the enterprise network. • Vulnerability management program to identify and remediate susceptible high-risk areas within the enterprise environment.
Infrastructure supporting growth	The business relies on IT infrastructure, systems and processes to support ongoing business growth. Where such infrastructure cannot efficiently support the changing needs of the business, there is risk of process inefficiency and/or error, which includes increased costs and processing times or damage to business reputation.	• Defined and Executive Leadership Team approved IT roadmap and strategy. • A global Enterprise Resource Planning system and reporting capability. • IT policies and supporting procedures (security, change management, project management, etc.). • Documentation and mapping of key processes and controls across the business. • Semi-annual key control self-assessment process.
Changing consumer preferences/ market trends	The business' ability to effectively manage current and non-current inventory is intrinsically linked to actual and forecast consumer demand – particularly given the long product lead-time and agricultural nature of the business. Unanticipated changes in consumer demand or preferences can have adverse effects on the business' ability to either capture growth opportunities or manage supply.	• Dedicated consumer insights and innovation team tracking consumer trends and researching new opportunities. • Brand portfolio and product strategy, including portfolio rationalisation, prioritisation and targeted investment in consumer marketing. • Global business planning processes, including portfolio reviews and global volume alignment processes. • Strategic focus on premium (high demand) categories.

PROFIT REPORT

Financial Performance

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$M (UNLESS OTHERWISE STATED)	F19	F18	CHANGE	F18	CHANGE
Net sales revenue	2,831.6	2,429.0	16.6%	2,519.8	12.4%
NSR per case ($)	79.77	70.25	13.6%	72.88	9.5%
Other Revenue	51.4	67.4	(23.7)%	69.0	(25.5)%
Cost of goods sold	(1,660.8)	(1,435.6)	(15.7)%	(1,496.4)	(11.0)%
Cost of goods sold per case ($)	46.79	41.52	(12.7)%	43.28	(8.1)%
Gross profit	1,222.2	1,060.8	15.2%	1,092.4	11.9%
Gross profit margin (% of NSR)	43.2%	43.7%	(1.1)%	43.4%	(0.5)%
Cost of doing business	(559.5)	(530.6)	(5.4)%	(547.1)	(2.3)%
Cost of doing business margin (% of NSR)	19.8%	21.8%	2.0ppts	21.7%	1.9ppts
EBITS	**662.7**	**530.2**	**25.0%**	**545.3**	**21.5%**
EBITS margin (%)	23.4%	21.8%	1.6ppts	21.6%	1.8ppts
SGARA	(19.7)	(15.1)	(30.5)%	(16.5)	(19.4)%
EBIT	**643.0**	**515.1**	**24.8%**	**528.8**	**21.6%**
Net finance costs	(52.0)	(33.4)	(55.7)%	(34.8)	(49.4)%
Tax expense	(171.5)	(116.7)	(47.0)%	(117.9)	(45.5)%
Net profit after tax (before material items)	**419.5**	**365.0**	**14.9%**	**376.1**	**11.5%**
Material items (after tax)	-	(4.6)	100.0%	(4.9)	100.0%
Non-controlling interests	-	(0.1)	100.0%	(0.1)	100.0%
Net profit after tax	**419.5**	**360.3**	**16.4%**	**371.1**	**13.0%**
Reported EPS (A¢)	58.4	49.7	17.5%	51.1	14.3%
Net profit after tax (before material items and SGARA)	**433.8**	**376.0**	**15.4%**	**388.5**	**11.7%**
EPS (before material items and SGARA) (A¢)	60.4	51.8	16.6%	53.5	12.9%
Average no. of shares (m)	718.4	725.7		725.7	
Dividend (A¢)	38.0	32.0	18.8%	32.0	18.8%

Financial headlines[1,2]

- Net Sales Revenue (NSR) increased 16.6% on a reported currency basis and 12.4% on a constant currency basis. Key drivers were a 2.7% increase in volume and 9.5% growth in NSR per case, reflecting portfolio premiumisation and price realisation within the Luxury and Masstige portfolio
- EBITS of $662.7 million, up 25.0% on a reported currency basis and 21.5% on a constant currency basis, with EBITS margin up 1.8ppts to 23.4%
- Strong uplift in NPAT, Reported EPS and EPS (before material items and SGARA)
- Net borrowings reduced by $51.8 million to $750.5 million and Net debt[3]/EBITDAS, adjusted for capitalised operating leases, improved to 1.7x (from 1.9x in F18)
- Cash conversion of 75.8% was above the guided 60-70% range, reflecting the cycling through of route-to-market changes and an improved sales order profile in the US, and efficient inventory management on the 2019 Australian vintage. Excluding investment in non-current Luxury and Masstige inventory, cash conversion was 92.4%

Business headlines

- Top-line growth was delivered through increased volume, portfolio premiumisation and price realisation. In F19, all regions delivered volume, NSR and NSR per case growth
- Execution of the premiumisation strategy continues to gain momentum with Luxury and Masstige NSR growing 27.4% in F19, and now representing 68.8% of Group NSR
- Strong EBITS growth delivered in Asia, driven by TWE's premiumisation strategy, the increased availability of Luxury and Masstige wine and outstanding execution
- US route-to-market changes embedded; margin accretion delivered in the second half of F19 with further benefits expected from F20 onwards as the new model is refined and builds momentum
- Investment in strategic partnerships with distributor and retail partners in priority markets, supported by joint business planning and insight-led category growth initiatives

1. Financial information in this report is based on audited financial statements. Non-IFRS measures have not been subject to audit or review. The non-IFRS measures are used internally by Management to assess the operational performance of the business and make decisions on the allocation of resources.
2. Unless otherwise stated, all percentage or dollar movements from prior periods contained in the Profit Report are pre-material items on a constant currency basis and are subject to rounding.
3. Net debt has been reduced by $12.1 million (F18: $12.7 million increase) to reflect fair value hedges on a portion of US Private Placement notes.

- Simplify for Growth initiatives to deliver operational efficiencies. Establishment of the Global Business Services function in F19 represents an important milestone
- Acquisition of French production and vineyard assets in the Bordeaux region of France and significant future expansion of Luxury winemaking in South Australia represent key investments in premiumisation

Dividend

- Final dividend of 20 cents per share, fully franked; full year dividend of 38 cents per share delivering 18.8% growth versus F18, and a pay-out ratio of 62.9%[4]
- Dividend reinvestment plan re-activated during F19

Revenue by region

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$M	F19	F18	%	F18	%
Net Sales Revenue					
ANZ	602.3	598.7	0.6%	598.8	0.6%
Asia	748.9	547.6	36.8%	552.2	35.6%
Americas	1,134.4	961.8	17.9%	1,037.4	9.4%
Europe	346.0	320.9	7.8%	331.4	4.4%
Total sales revenue	**2,831.6**	**2,429.0**	**16.6%**	**2,519.8**	**12.4%**
Other revenue	51.4	67.4	(23.7)%	69.0	(25.5)%
Total Revenue	**2,883.0**	**2,496.4**	**15.5%**	**2,588.8**	**11.4%**

Revenue

- Net Sales Revenue increased 12.4%. Volume grew 2.7% and NSR per case was up 9.5%, driven by strong sales execution across all regions, portfolio premiumisation and price realisation across Luxury and Masstige brands
- Other revenue reflects the exit of third party distribution and packaging arrangements in New Zealand

Cost of Goods Sold (COGS)

- COGS per case up 8.1%, primarily driven by portfolio premiumisation. Higher prices of Australian Commercial wine also increasing COGS, partly offset by supply chain optimisation savings in Australia

Cost of Doing Business (CODB)

- CODB up 2.3% to $559.5 million, largely due to investment in brands and organisational capability in Asia, moving to a direct sales model in the US and one-off costs associated with Simplify for Growth initiatives
- CODB margin improved by 1.9ppts, reflecting strong revenue growth, business simplification and continued cost discipline

Corporate costs

- Corporate costs up $3.8 million to $57.4 million, driven by establishment costs in relation to the Global Business Services function

EBITS by region

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$M	F19	F18	%	F18	%
ANZ	156.5	136.1	15.0%	133.8	17.0%
Asia	293.5	205.2	43.0%	197.4	48.7%
Americas	218.7	193.0	13.3%	214.9	1.8%
Europe	51.4	49.5	3.8%	52.8	(2.7)%
Corporate	(57.4)	(53.6)	(7.1)%	(53.6)	(7.1)%
TWE EBITS	**662.7**	**530.2**	**25.0%**	**545.3**	**21.5%**

EBITS

- EBITS of $662.7 million, up 25.0% on a reported basis and up 21.5% on a constant currency basis, principally driven by premiumisation and strong global earnings momentum
- EBITS margin up 1.8ppts to 23.4%, a step closer on TWE's journey to 25% and beyond

SGARA

- SGARA loss of $19.7 million ($4.6 million higher than pcp) driven by the Californian vintage loss and unwinding of 2017 Australian gain; partially offset by the unwinding of prior vintage losses

Net finance costs

- Increased net finance costs are principally driven by higher average borrowings following the on-market share buy-back in F18 and undrawn commitment fees on bilateral debt facilities

4. TWE targets a dividend payout ratio of between 55%-70% of Net Profit After Tax (pre-material items and SGARA) over a fiscal year.

Tax expense

- The higher tax expense in F19 predominantly reflects an increase in earnings in Australia and Asia
- Effective tax rate in F19 of 29.0% is higher than the prior year as a result of the prior year including a one-off tax benefit in the US following the enactment of the US Tax Cuts and Jobs Act. The effective tax rate also reflects the increase in the growth of earnings in Australia and Asia

Net profit after tax (NPAT)

- NPAT before material items $419.5 million, up 11.5%, driven by higher EBITS, partially offset by higher SGARA loss, increased net finance costs and higher tax expense

Earnings Per Share (EPS)

- EPS (before SGARA and material items) increased 12.9% to 60.4cps. Reported basic EPS increased 14.3% to 58.4cps

Balance Sheet (condensed)[5]

A$M	F19	F18
Cash & cash equivalents	401.8	89.4
Receivables	662.0	593.3
Current inventories	1,024.0	1,012.3
Non-current inventories	1,068.9	952.1
Property, plant & equipment	1,398.7	1,416.5
Agricultural assets	29.4	41.3
Intangibles	1,163.8	1,128.9
Tax assets	152.3	154.5
Assets held for sale	78.3	45.2
Other assets	21.0	12.2
Total assets	**6,000.2**	**5,445.7**
Payables	780.7	759.3
Borrowings	1,165.1	879.6
Tax liabilities	289.5	245.3
Provisions	50.2	49.4
Other liabilities	8.6	15.8
Total liabilities	**2,294.1**	**1,949.4**
Net assets	**3,706.1**	**3,496.3**

Balance sheet movements as at 30 June 2019

Net assets up $209.8 million to $3,706.1 million, principally driven by an increase in cash and non-current inventory, partially offset by increased borrowings. Adjusting for movements in foreign exchange rate movements, net assets increased by $136.4 million

Working Capital

Higher working capital relative to 30 June 2018, reflecting:

- Total inventory which increased by $128.5 million in F19 to $2,092.9 million, reflecting the intake of high quality, high volume vintages in Australia and California and the impact of foreign exchange translation on US inventory

  Luxury inventory increased 11.1% to $1,230.4 million:

  – Premiumisation of inventory mix, through increasing Luxury availability, remains a priority

  – The very strong and high quality 2019 Australian Luxury vintage saw intake up 10% on the prior year, supported by TWE's multi-regional sourcing strategy

  – 2017 Australian vintage will commence release in F20
- Payables slightly above the prior year, reflecting TWE's disciplined approach to managing its cost base
- Receivables grew 11.6% in F19, driven by strong top-line growth, with NSR up 16.6% in the year

Property, Plant & Equipment

Property, Plant & Equipment decreased $17.8 million to $1,398.7 million reflecting depreciation, disposal of assets and increase in assets held for sale, partly offset by vineyard and winemaking investments in Australia and the US

Agricultural assets

Agricultural assets at 30 June 2019 represent the market value of unharvested grapes prior to the 2019 US vintage. Decline in the year reflects the sale of surplus assets in the US and fair market value adjustments

Intangibles

Adjusting for foreign currency movements, intangible assets increased by $12.5 million, principally reflecting investment in IT systems supporting Simplify for Growth initiatives, offset by amortisation expense

Provisions

Provisions balance broadly in line with pcp

Tax and other assets

Increase in net tax liabilities principally relates to increased profitability across all regions, particularly ANZ and Asia

Assets held for sale

Increase in assets held for sale relates to surplus supply assets in the US

5. Unless otherwise stated, balance sheet percentage or dollar movements from the previous period are on a reported currency basis.

Net Borrowings[6]

Net Borrowings decreased $51.8 million to $750.5 million, driven by positive Group cash flow, offset by increased term borrowings following establishment of the US$350 million syndicated facility and unfavourable currency translation on US$ denominated borrowings

Balance sheet leverage

Net debt/EBITDAS of 1.7x (adjusted for operating leases) and interest cover of 12.8x

Funding structure

At 30 June 2019, TWE had committed debt facilities totalling approximately $1.9 billion, comprising;

- Drawn bank facilities of $499.6 million and $571.0 million of US Private Placement notes
- Undrawn committed, bilateral debt facilities totalling $821.1 million

Weighted average term to maturity of committed facilities 4.6 years

Cash flow – reconciliation of net debt[7]

A$M (UNLESS OTHERWISE STATED)	F19	F18
EBITDAS	**765.7**	**627.7**
Change in working capital	(170.2)	(177.1)
Other items	(14.8)	(23.8)
Net operating cash flows before financing costs, tax and material items	**580.7**	**426.8**
Cash conversion	**75.8%**	**68.0%**
Capital expenditure	(159.8)	(215.4)
Net investment proceeds	101.6	50.1
Cash flows after net capital expenditure, before financing costs, tax and material items	**522.5**	**261.5**
Net interest paid	(51.1)	(29.3)
Tax paid	(112.5)	(93.7)
Cash flows before dividends and material items	**358.9**	**138.5**
Dividends/distributions paid	(244.7)	(203.7)
Cash flows after dividends before material items	**114.2**	**(65.2)**
Material item cash flows	(1.5)	(8.1)
On-market share buyback	–	(300.0)
On-market share purchases	(16.6)	(42.9)
Total cash flows from activities	**96.1**	**(416.2)**
Opening net debt	**(802.3)**	**(354.8)**
Total cash flows from activities (above)	96.1	(416.2)
Debt revaluation and foreign exchange movements	(44.3)	(31.3)
Decrease/(Increase) in net debt	**51.8**	**(447.5)**
Closing net debt	**(750.5)**	**(802.3)**

Movement in net debt

Net debt decreased $51.8 million to $750.5 million. Drivers of the movement in net debt included:

EBITDAS

EBITDAS increased $138.0 million on a reported currency basis driven by premiumisation and strong global earnings momentum, partially offset by increased COGS and CODB

Movement in working capital[8]

Net working capital outflow driven by:

- Increased inventory reflecting the intake of high quality, high volume vintages in Australia and California and the impact of foreign exchange translation on US inventory
- Higher receivables of 11.6%, driven by strong top-line growth with NSR up 16.6% in the year
- Payables slightly above the prior year, reflecting TWE's disciplined approach to managing its cost base

6. Borrowings have been reduced by $12.1 million (F18: $12.7 million increase) to reflect fair value hedges on a portion of US Private Placement notes.
7. Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis.
8. Change in working capital reflects operating cash flow movements.

Other items

Other items reflects movements in provisions and profit on sale of assets

Capital expenditure

Capital expenditure (capex) of $159.8 million comprising:

- Maintenance and Replacement capex of $132.1 million
- Growth capex including vineyard acquisitions and IT investments of $27.7 million

In F20, Maintenance and Replacement capex is expected to be in the range of $100 million to $110 million, with growth capex of up to $135 million including investment in assets supporting premiumisation

Net investment proceeds

Net investment proceeds reflects receipts from the sale of surplus supply assets, notably in the US, and oak barrels for sale and leaseback

Net interest paid

Increased net interest paid driven by higher average borrowings following the on-market share buy-back in F18, and increased committed debt facilities

Dividends paid

Increase in dividends paid reflects F19 interim dividend of 18 cents per share and F18 final dividend of 17 cents per share, representing an increase of 20.1% relative to pcp

Tax paid

Increase in tax paid predominantly reflects increased profits in respect of the Australian operations

On-market share purchases

Reduction in on-market share purchases reflects vesting of shares under TWE's Long Term Incentive Plans being delivered in F19 via a combination of new shares issued and shares purchased on-market

Exchange rate impact

Lower period-end exchange rates used to revalue foreign currency borrowings and cash as at 30 June 2019 increased net debt by $44.3 million

Cash conversion

Cash conversion of 75.8% was above the guided 60-70% range, a result of cycling through route-to-market changes and an improved sales order profile in the US, and efficient inventory management for the 2019 Australian vintage. Excluding TWE's investment in non-current Luxury and Masstige inventory, which will be released in future years to support continued earnings growth, cash conversion was 92.4%

Financial performance

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$M	F19	F18	%	F18	%
NSR (A$m)	1,134.4	961.8	17.9%	1,037.4	9.4%
NSR per case (A$)	80.87	70.43	14.8%	75.96	6.5%
EBITS (A$m)	218.7	193.0	13.3%	214.9	1.8%
EBITS margin (%)	19.3%	20.1%	(0.8)ppts	20.7%	(1.4)ppts

Historical EBITS and EBITS margin*

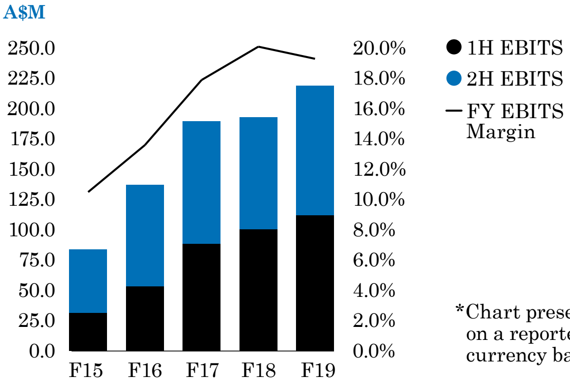


*Chart presented on a reported currency basis.

Business performance

- Shipments were lower than depletions in F19; Luxury and Masstige depletions were up 9% in the year
- NSR growth of 9.4% was driven by:
  - Higher volume of 2.7%, reflecting positive momentum in the first full financial year operating under the new route-to-market model
  - NSR per case grew 6.5% led by strong portfolio premiumisation and the overall benefits from the route-to-market changes in the US, offset by increased discounting in the US market, particularly in the Commercial portfolio
- COGS per case increased due to improved portfolio mix, higher logistics costs in the direct distribution states under the new route-to-market model and the ongoing impact of lower yielding, high quality vintages, notably across leased vineyards
- Higher overheads were incurred above the line in F19 to support transition to the new route-to-market model, with the removal of transitional overheads having commenced in the second half of F19
- EBITS growth delivered in Canada and Latin America
- Regional EBITS grew 1.8% to $218.7 million with improved operating leverage under the new route-to-market model partly offset by price impacts in response to competitor discounting and transitional route-to-market overheads
- EBITS margin declined 1.4ppts to 19.3%, an improvement of 0.8% on the first half of F19

Americas regional perspectives

- Luxury and Masstige segments of the US wine market continue to exhibit strong growth, with Commercial segment declines (excluding bag in box) driven by increasing retailer focus on private label and aggressive competitor discounting
- TWE continues to focus on growing its Luxury and Masstige portfolios, having proactively exited lower margin Commercial volumes in previous years, ahead of other players
- Growth momentum across the Luxury and Masstige portfolio led by Stags' Leap, Beringer Luxury, BV, Penfolds, 19 Crimes, Matua, The Stag and Beringer Brothers
- TWE is pleased with its performance to date in the US following transformational route-to-market changes:
  - Building collaborative, long-term relationships with distributor and retail partners focused on expanding availability and distribution, complemented by the activation of consumer led pull through programs
  - Improving broad market availability and growing points of distribution remain an ongoing priority
  - Cost base and organisational efficiency to improve over time
- Future growth to come from improved execution, improved availability in the broad market and increased focus on premiumisation; EBITS margin accretion expected from F20 onwards

REGIONAL SUMMARIES ASIA

Financial performance

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$M	F19	F18	%	F18	%
NSR (A$m)	748.9	547.6	36.8%	552.2	35.6%
NSR per case (A$)	161.19	125.93	28.0%	126.99	26.9%
EBITS (A$m)	293.5	205.2	43.0%	197.4	48.7%
EBITS margin (%)	39.2%	37.5%	1.7ppts	35.7%	3.5ppts

Historical EBITS and EBITS margin*

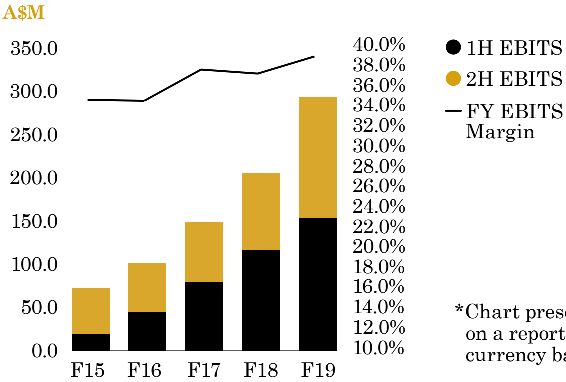


*Chart presented on a reported currency basis.

Business performance

- Strong growth delivered through outstanding execution across all major markets
- Continued top-line momentum with NSR up 35.6%, supported by:
  - Increased availability of Luxury and Masstige wine
  - Price realisation across the region on several brands
  - Strengthening of key strategic partnerships that are driving breadth and depth of distribution throughout the region
  - Growth rates weighted to the second half of F19, reflecting the allocation of Luxury wine and a more balanced sales profile for Rawson's Retreat through the year
- Record depletions achieved in F19, and forward days of inventory cover remain broadly in line with the prior year[9]
- Execution of the multiple country-of-origin (COO) portfolio strategy continues to strengthen, with Australian and French brand NSR up 44% and 38% respectively in F19[10]
- NSR per case up 26.9%, driven by mix improvement, price realisation in the Luxury and Masstige segments and the exit of lower margin Commercial volumes in SEAMEA in the first quarter of F19
- Higher CODB reflects proactive, ongoing investment in the region:
  - Higher investment to support future brand growth and portfolio expansion, with the launch of Lot 518 a highlight in F19
  - Investment in sales, marketing and support functions continuing to deliver step change in organisational capability
  - Despite the higher CODB, strong NSR growth drove lower CODB margin in F19
- EBITS up 48.7% to $293.5 million, with margin accretion of 3.5ppts to 39.2% delivered

Asian regional perspectives

- Fundamentals of the Asian wine market remain attractive; consumption continues to grow, particularly at premium price points
- TWE's route-to-market, focused on self-distribution, provides a key competitive advantage to maintaining growth momentum across the region through changing macro-economic cycles
- Growing a portfolio of strong brands from multiple COO's remains a priority for TWE throughout the region; TWE is currently delivering growth across its Australian and French COO portfolios and momentum for US brands is expected to return once the US/China trade relationship improves
- TWE sees tremendous opportunity to continue growing market share from the current sub 5% level by working closely with its wholesale and retail partners
- 35%+ EBITS margin guidance maintained for F20 and beyond

9. Excludes first year impact of new product launches.
10. French brand portfolio growth includes third party distributed brands.

REGIONAL SUMMARIES AUSTRALIA & NEW ZEALAND (ANZ)

Financial performance

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$M	F19	F18	%	F18	%
NSR (A$m)	602.3	598.7	0.6%	598.8	0.6%
NSR per case (A$)	75.89	75.47	0.6%	75.49	0.5%
EBITS (A$m)	156.5	136.1	15.0%	133.8	17.0%
EBITS margin (%)	26.0%	22.7%	3.3ppts	22.3%	3.7ppts

Historical EBITS and EBITS margin*

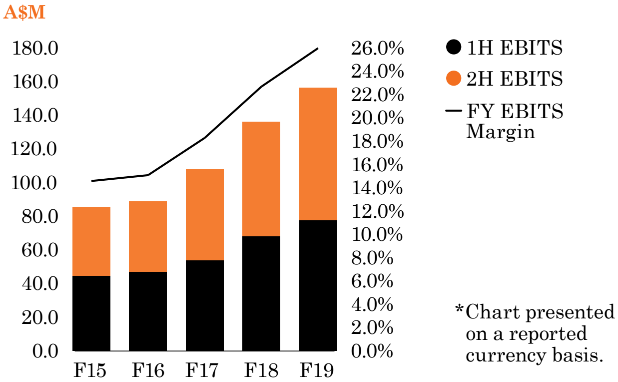


*Chart presented on a reported currency basis.

Business performance

- NSR grew 0.6% in F19, driven by:
  - Positive top-line performance in Australia where NSR increased 3.1%, led by Masstige and lower Luxury portfolio growth, positive collaboration with key retail partners and gains in the on-premise channel
  - Volume and NSR declines in New Zealand were due to the transitional impacts of the change to a distributor model in F18. New Zealand depletions grew approximately 10% in F19 with further growth anticipated in F20
- NSR per case increased 1.2% in Australia through improved portfolio mix, including strong growth from 19 Crimes, Squealing Pig, Seppelt, The Stag and T'Gallant
- Higher gross margin reflects portfolio mix improvement, with COGS per case benefitting from continued realisation of Supply Chain savings across the Luxury portfolio, partly offset by short term cost pressure on Australian sourced Commercial wine. Vintage 19 Commercial COGS pressures to impact F20
- Improved CODB margin reflects ongoing focus and discipline around cost management
- EBITS increased 17.0% to $156.5 million, with EBITS margin improving 3.7ppt to 26.0%

ANZ regional perspectives

- Australian wine market volume remains flat, with value growth being driven by premiumisation
- TWE maintains its aspirational 25% market share target, to be achieved through prioritising growth across the Luxury and Masstige portfolios; 22% value share in F19[11]
- TWE has strong and collaborative relationships with strategic customers, supported by well-established joint business planning processes
- Maintaining greater focus in the on-premise category remains a priority, and TWE continues to improve performance through category growth initiatives such as Wine on Tap
- Continue to focus on maintaining 25%+ EBITS margin in F20, with higher Commercial COGS from the Australian 2019 vintage to be managed

11. Aztec Sales Value Data, bottled and canned wine only, Australia Liquor Weighted, Scan 52 weeks to 23 June 2019.

REGIONAL SUMMARIES EUROPE

Financial performance

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$M	F19	F18	%	F18	%
NSR (A$m)	346.0	320.9	7.8%	331.4	4.4%
NSR per case (A$)	38.93	37.16	4.8%	38.37	1.5%
EBITS (A$m)	51.4	49.5	3.8%	52.8	(2.7)%
EBITS margin (%)	14.9%	15.4%	(0.5)ppts	15.9%	(1.0)ppts

Historical EBITS and EBITS margin*

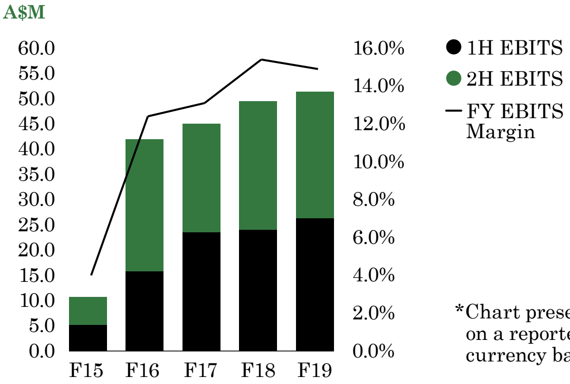


*Chart presented on a reported currency basis.

Business performance

- Volume and NSR growth achieved in F19, up 2.9% and 4.4% respectively, with strong momentum across the Masstige portfolio in key regional markets including Continental Europe and the Nordics
- NSR per case 1.5% higher, driven by continued Masstige led portfolio premiumisation
- Unfavourable COGS per case reflects pricing pressure on Australian and US sourced Commercial wine
- Flat CODB reflects a disciplined approach to brand building investment and cost management
- Mid-teens EBITS margin maintained at 14.9%

Europe regional perspectives

- Overall UK wine market conditions remain challenging, however the strong trend to premiumisation has continued over the past year with Masstige volume growth approximately 9% compared to Commercial declines of approximately 7%[12]
- Strong partnerships with key European retailers are key to delivering growth ahead of the market; focus continues to be on joint business planning and winning in store
- Continued prioritisation of key markets (UK, Sweden and the Netherlands) and a focused portfolio of brands is delivering success
- Priority to maintain mid-teen EBITS margin in F20, with benefits of premiumisation and additional cost efficiency to be offset by impacts on Australian Commercial sourced COGS

12. Nielsen, Total Coverage, Total Still Light Wine, 52 weeks ending 15 June 2019 (750ml bottled still wine only).

VINTAGE UPDATE

California

After a wet winter across much of California, the grape growing season has been relatively mild thus far. Canopy growth is strong in response to the wet winter, yet flowering conditions in V19 were cool and wet for early varieties, such as Chardonnay and Pinot Noir in Coastal regions and some berry set impact is expected for these specific varieties. Other late varieties, including Cabernet and red blenders in Napa, Sonoma and the Central Coast are healthy in crop load and canopy growth, in response to favourable flowering and growing conditions. Overall, forecast grape tonnage may be slightly below V18, given it was a large vintage, however if moderate conditions continue through to harvest then quality is expected to be high.

Australia

The 2019 harvest compares favourably with 2018, with TWE delivering around 10% incremental growth in volume across its Luxury wine portfolio. This is despite some central regions experiencing early season frosts, hail and intense heat in late January which resulted in significant yield reductions in the Barossa Valley in particular. The impact of the lower yields in central regions were partially offset by the exceptional quality of the fruit received which will fulfil demand for super Luxury wines. The Limestone Coast experienced a slightly cooler growing season and has as a result delivered high volumes of high quality fruit that more than offset the lower intake from the Barossa and McLaren Vale. Irrigated region commercial wine and fruit intake was in line with expectations for both quality and quantity.

New Zealand

2019 delivered a vintage of strong quality albeit with slightly lower yields than 2018. With two wet vintages in 2017 and 2018, the 2019 vintage pleasingly delivered a high-quality harvest with great concentration and flavour. Sauvignon Blanc and Pinot Noir have great varietal concentration, testament to the warm dry growing season. In Marlborough, Sauvignon Blanc yield was slightly down and lower than average crops of Pinot Noir and Pinot Gris were picked. Pinot Noir from Central Otago produced a crop of exceptional quality.

CORPORATE RESPONSIBILITY

TWE is committed to operating sustainably, safely and responsibly. We are delighted to present our second annual Sustainability Report, demonstrating TWE's strong focus on creating long-term shared value through the Company's Corporate Responsibility framework.

CORPORATE RESPONSIBILITY FRAMEWORK

TWE's reporting on environmental, social and governance (ESG) topics is captured in the Company's Sustainability Report, which provides annual updates on our performance. The 2019 Sustainability Report is available online via the Company's website, at www.tweglobal.com/sustainability.

In F19, TWE continued to embed its Corporate Responsibility (CR) framework and drive action across the four CR pillars – Performance, Planet, People and Product.

The Global CR Council (Council) remained the program's governing body and continued to comprise a mix of members from the Executive Leadership Team (ELT), including the Chief Executive Officer (CEO), and senior representatives from regional and functional areas of the business.

In F19, Carolyn Coon, Global Director Corporate Affairs replaced Tim Ford, Chief Operating Officer as Council Chair.

During F19, the Council oversaw the development of four detailed roadmaps that sit under the CR pillars. The roadmaps focus on addressing priority ESG topics and seven priority Sustainable Development Goals (SDGs) (see Figure 7) as well as implementing changes to continue to drive high levels of ESG performance.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

In F19, TWE considered in detail the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). In particular, the Company conducted a detailed gap analysis and benchmarking of TWE's existing frameworks, practices and disclosures against the TCFD recommendations and current market practice.

The analysis identified areas where TWE is performing well, acknowledging that TWE has been investing in minimising and adapting to climate change impacts for more than a decade. The analysis also highlighted areas for improvement, including the need to continue to build a whole-of-business approach to assessing climate-related risk and opportunity.

TWE has since developed an internal roadmap to enable the business to draw on these findings and drive future action as appropriate, with a view to enhancing the Company's practices and disclosures relating to climate change.

A summary of actions undertaken in line with the four core elements of climate-related financial disclosure is detailed in the Performance section of the 2019 Sustainability Report.

Figure 7: TWE's Corporate Responsibility Framework and F19 highlights

VISION	To be the world's most celebrated wine company
MISSION	Create long term value for TWE and everyone who touches our Company by being sustainable in everything we do

TWE STRATEGIC IMPERATIVES	PARTNERS MARKETS	MODEL	PEOPLE	BRANDS
CR PILLAR	PERFORMANCE	PLANET	PEOPLE	PRODUCT
GUIDING PRINCIPLE	*Be transparent and hold ourselves to account*	*Be sustainable and efficient when sourcing and producing our wine*	*Respect and enhance the lives of our people and our communities*	*Create quality wines that are consumed and promoted responsibly and safely*
AMBITION	*Our stakeholders believe in and trust our Company to operate sustainably*	*Our environmental impact is sustainable and reducing over time*	*Our peoples' human rights, safety and wellbeing is protected*	*Our wines are produced, marketed and consumed responsibly*
F19 HIGHLIGHTS	• Established four key roadmaps for the CR pillars • Assessed and prepared our internal roadmap in response to the recommendations of the TCFD • Strengthened corporate governance through updates to existing, and the introduction of new, policies, standards and procedures	• Continued to deliver the Sustainable Future program, which resulted in ANZ and Americas supply sites achieving TWE's internal environmental standards • Continued to drive greater energy and water efficiencies across our supply network • Maintained an average waste diversion rate of more than 96%	• Achieved a reduced Serious Injury Frequency Rate • Improved gender balance within TWE leadership and Board member roles • Increased employee participation and contributed over 9,000 volunteer hours during Global Volunteering Week	• Launched Smart Drinking, TWE's internal responsible consumption program • Innovated to provide greater choice in lower alcohol options for consumers • Continued to drive responsible packaging choices through lightweighting for selected glass and plastic packaging formats

PRIORITY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

- 3 GOOD HEALTH AND WELL-BEING
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

DIVERSITY AND INCLUSION

TWE is made up of individuals as diverse as its wines and the people who enjoy them. We are committed to creating an inclusive, supportive and collaborative culture to attract and retain the best possible talent, and create an environment where people from diverse backgrounds can fulfil their potential.

The Board has committed to reviewing and assessing progress against TWE's diversity and inclusion objectives annually. To that end, the Company is pleased to report progress made in F19, together with the F20 measurable objectives.

The Company's Diversity and Inclusion Policy can be found on the Company's website: www.tweglobal.com

F19 OBJECTIVES

Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations states that a company's board or board committee is to set the measurable objectives for achieving gender diversity.

The diversity objectives and measures set by the Board for F19 were:

1. **Increase gender diversity in leadership**
   Continue the journey towards achieving an increase in females in leadership roles to 38% by 2020.
2. **Develop inclusive leaders**
   A total of 75% of senior leaders meet or exceed expectations on Inclusive Leadership.

Executive Leadership Team diversity objectives
The Chief Executive Officer (CEO) and all Executive Leadership Team (ELT) members had a diversity Key Performance Objective (KPO) to deliver the above objectives in F19.

F19 PROGRESS

To achieve the objectives, various initiatives were undertaken throughout F19, including:

- The fifth global *Mary Penfold* Leadership Award for Outstanding Female Leadership was awarded.
- Reinforcement of Inclusive Leadership through bias interrupters and during key people activities.
- Inclusive Leadership training sessions for senior leaders; and delivery of talent review and performance management workshops to 638 employees and managers globally, addressing unconscious bias.
- Global gender pay equity review recommendations were implemented.
- Continuation of the TWEforSHE program aligned with three key initiatives:
  i. 'She Leads' capability program for ongoing support, learning and development of TWE women.
  ii. 'TWE Tasker', the on-the-job learning program designed to support women improving business acumen and broadening their experience across the organisation, launched in the Americas for the first time and continued in Australia and New Zealand for the second year running, with 86 female participants overall. The program will roll out across Asia and Europe in F20.
  iii. ELT Sponsorship program formally launched as part of TWEforSHE, matching 19 high-potential women with executives to support career progression and leadership development with the intention of increasing female representation in senior leadership roles.
- Global survey to female employees identifying workplace experiences, opportunities for improvement and areas for further development and support as part of the TWEforSHE program.

The ELT continued to operate as the Diversity Council in F19 to focus their efforts on setting appropriate goals and targets, monitoring progress, and driving action.

The following outcomes were recorded against the objectives for the reporting period:

- Female representation in leadership roles as at 30 June 2019 was 39%, up from 37.1% in F18.
- 98% of employees agreed that senior leaders met or exceeded expectations on Inclusive Leadership.

F20 OBJECTIVES AND INITIATIVES

Our diversity and inclusion strategy for F20 is focused on three pillars, which positively contribute to our employee experience and business performance.

1. **Diverse workforce:**
   Strong workforce representation so we can leverage talent as a competitive advantage, creating value for our customers and community.
2. **Inclusive workplace:**
   Create a differentiated inclusive culture of care where diverse and resilient talent can thrive during 'moments that matter' to deliver business outcomes that matter.
3. **Employer of Choice in marketplace:**
   Strong Employer Brand, Employee Value Proposition, and improved business outcomes that demonstrate return on investment in human capital.

The ELT forms TWE's Diversity Council with accountability for defining and managing TWE's diversity and inclusion goals and objectives, aligned to our global strategy.

Given the Company's target to increase females in leadership roles to 38% by 2020 has been reached during 2019, the Company has set a new measurable objective to increase female representation in leadership roles to 40% by 2025 whilst continuing to foster an inclusive culture.

Initiatives to attract, retain and progress females in leadership

- *Attracting* female talent: implementation of an AI based selection tool designed to guide attraction and remove bias from selection decisions.
- *Retaining* female talent: flexible working and lifestyle/carer's leave; *Mary Penfold* Award; Gender Pay Equity.
- *Progressing* female talent: female targeted succession planning for key roles and investing in the TWEforSHE program.

Initiatives to foster an inclusive and resilient workplace

- Introduction of a Global TWE Pride network.
- People Manager Inclusion and Ways of Working (inclusive meetings) toolkits.
- Continued focus on bias cognizance (bias awareness) in key people processes and people manager training.
- TWEforME – investment in wellbeing and resilience.

Executive Leadership Team diversity objectives

The CEO and all ELT members have a diversity KPO to deliver the above objectives in F20.

Board diversity objective

The Board is committed to ensuring it is comprised of individuals with appropriate skills, experience and diversity to develop and support the Company's strategic imperatives. The Board recognises the importance of cultural, geographic and gender diversity amongst its members which is reflected in the current representation on the Board, with four non-executive directors based offshore in regions in which the Company operates.

During F19, the Board achieved its gender target of at least 30% female representation on the Board, with women representing 37.5% of the Board as at the date of this report. In F20, the Board set itself a measurable objective that at least 30% of its directors will be of each gender going forward, to maintain gender diversity in its composition.

Organisational gender profile

The Company makes the following diversity disclosures in relation to Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations:

RECOMMENDATION 1.5 REQUIREMENT
Proportion of women in the whole organisation As at 30 June 2019, 39.6% of the Group's employees were women
Proportion of women in senior executive[1] positions within the Group As at 30 June 2019, 42.9% of the senior executive positions within the Group were held by women.
Proportion of women on the Board of the Company As at 30 June 2019, 37.5% of the Company's Board of Directors (including executive directors) were women. The Board is committed to ensuring that it is comprised of individuals with appropriate skills, experience, and diversity to develop and support the Company's strategic aims. The Board had set itself a target for achieving gender diversity in its composition of at least 30% female representation, and this was achieved during F19. Further details are set out in the *Corporate Governance* section of the Annual Report.
As an Australian based business, the Company complies with the *Workplace Gender Equality Act* which requires annual filings to the Australian Workplace Gender Equality Agency (WGEA) disclosing 'Gender Equality Indicators'. This report, covering the 12-month period ending 31 March 2019, is published on the WGEA and the TWE websites. It can be found here: TWEglobal.com/careers/diversity-inclusion

1. For the purposes of this disclosure, the Company has defined 'senior executive' as the Chief Executive Officer and his/her direct reports. To note, using the TWE definition of leader, 39.0% of roles were held by women as at 30 June 2019.

BOARD OF DIRECTORS

Paul Rayner
B.Ec, MAdmin, FAICD
Chairman

Member of the Board since May 2011 and Chairman of the Board and the Nominations Committee since 1 September 2012.

Mr Rayner is an independent Director and an Australian resident.

He brings to the Board extensive international experience in markets relevant to Treasury Wine Estates including Europe, North America, Asia, as well as Australia. He has worked in the fields of finance, corporate transactions and general management in the consumer goods, manufacturing and resource industries. His last role as an executive was as Finance Director of British American Tobacco plc, based in London, from January 2002 to 2008.

Mr Rayner is also a director of Qantas Airways Limited (since July 2008 and where he also serves as Chairman of the Remuneration Committee), Boral Limited (since September 2008 and where he also serves as Chairman of the Audit and Risk Committee) and Murdoch Childrens Research Institute (since December 2014 and where he also serves as Chairman of the Audit, Finance and Risk Committee).

Mr Rayner was a director of Centrica Plc, a UK listed company, from September 2004 until December 2014.

Michael Clarke
CA, B.Com
Managing Director and Chief Executive Officer

Member of the Board since March 2014.

Mr Clarke has dual Irish/South African citizenship and is an Australian resident.

He has held senior executive roles at Kraft Foods, where he was President of the Company's European business and sat on the global operating board, The Coca-Cola Company and Reebok International. He was Chief Executive Officer of the UK publicly listed company Premier Foods Plc, where he led a significant turnaround of the business.

Mr Clarke was a director of Quiksilver Inc. from April 2013 to February 2016 and a director of Wolseley plc from March 2011 to March 2014.

Ed Chan
B.A/Ec, MS
Non-executive Director

Member of the Board since September 2012 and a member of the Audit and Risk Committee.

Mr Chan is an independent Director and a Hong Kong resident.

He is currently a director of Hong Kong-listed LINK REIT (since February 2016) and Yum China Holdings, Inc (since October 2016) and an Operating Partner of SoftBank Investment Advisers (since June 2019).

Mr Chan is the former Vice Chairman of Charoen Pokphand Group (from January 2012 to February 2018) and a former director of Hong Kong-listed CP Lotus (from April 2012 to February 2018). From 2006 to 2011, Mr Chan was the President and CEO of Wal-Mart China. He has also held senior positions with Dairy Farm including his last position as North Asia Regional Director, as well as leading the Bertelsmann Music Group business in Greater China. Mr Chan began his career as a consultant with McKinsey & Co working in both Hong Kong and the United States.

Louisa Cheang
B.Soc.Sc
Non-executive Director

Member of the Board since December 2018.

Ms Cheang is an independent Director and a Hong Kong resident.

Ms Cheang is currently the Vice Chairman and Chief Executive of Hang Seng Bank, listed on the Stock Exchange of Hong Kong Limited, and has had a successful career spanning a number of critical leadership roles with the HSBC Group throughout the Asia Pacific region. She is also currently Group General Manager of HSBC Holdings plc and a director of The Hongkong and Shanghai Banking Corporation.

Ms Cheang is also a member of key government advisory committees, notably The Twelfth Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference and the Consulting Committee for the Qianhai & Shekou Area of Shenzhen, China (Guangdong) Pilot Free Trade Zone, and Qianhai Shenzhen-Hong Kong.

Warwick Every-Burns

AMP, Harvard University (Advanced Management Program)

Non-executive Director

Member of the Board since May 2011, Chairman of the Human Resources Committee and a member of the Nominations Committee.

Mr Every-Burns is an independent Director and an Australian resident.

He was Chief Executive Officer of Treasury Wine Estates on an interim basis from 23 September 2013 until 30 March 2014.

Mr Every-Burns previously worked for more than 30 years in the consumer packaged goods sector. In his last executive role, he was President of International Business and a member of the Worldwide Executive Committee of The Clorox Company, a NYSE listed, S&P 500 business with a market capitalisation of circa US$20 billion. He was based at The Clorox Company's headquarters in the United States for more than five years. Mr Every-Burns began his career at Unilever, is a former Managing Director of Glad Products of Australia and New Zealand and was formerly on the Advisory Council of the Frontier Strategy Group.

Mr Every-Burns is a non-executive director of the a2 Milk Company Limited (since August 2016).

Garry Hounsell

B.Bus (Acc), FCA, FAICD

Non-executive Director

Member of the Board since September 2012, Chairman of the Audit and Risk Committee and a member of the Nominations Committee and Human Resources Committee.

Mr Hounsell is an independent Director and an Australian resident.

He is currently Chairman of Helloworld Travel Limited (since October 2016) and Myer Holdings Limited (since November 2017, and a director since September 2017). Mr Hounsell is also a director of the Commonwealth Superannuation Corporation Limited (since July 2016).

Mr Hounsell is a former Chairman of PanAust Limited (from July 2008 to August 2015), Spotless Group Holdings Limited (from February 2017 to August 2017, and a director from March 2014 to August 2017) and a former director of Qantas Airways Limited (from January 2005 to February 2015), Integral Diagnostics Limited (from October 2015 to March 2017) and Dulux Group Limited (from July 2010 to December 2017), and has held senior positions at both Ernst & Young and Arthur Andersen.

Colleen Jay

B.BA (Hons)

Non-executive Director

Member of the Board since April 2018 and a member of the Audit and Risk Committee.

Ms Jay is an independent Director and a United States resident.

Ms Jay has extensive experience in the fast-moving consumer goods industry, acquired over a long and successful career at Procter & Gamble (P&G, NYSE: PG), an American multinational consumer goods company, between 1985 and 2017. She has held a number of senior leadership roles at P&G, including President of Global Retail Hair Care & Colour and her most recent position as President of the US$5 billion Global Beauty Specialty business, where she also led a complex transition and divestiture of several businesses.

Ms Jay has significant global experience having lived and worked in the United States, Europe, China and Canada. Her leadership experience includes significant global line operational leadership, strategy creation and execution, global brand building, new business development, transformational innovation and M&A.

Ms Jay is currently an independent non-executive director of The Cooper Companies (NYSE: COO).

Lauri Shanahan

JD Business Law, BS Finance

Non-executive Director

Member of the Board since November 2016 and a member of the Human Resources Committee.

Ms Shanahan is an independent Director and a United States resident.

Ms Shanahan has extensive retail, consumer branding, strategy, omni-channel and governance experience. She has held senior executive positions, including as Chief Administrative Officer, Chief Legal Officer and Corporate Secretary with The Gap Inc, where she was involved in leading the company's domestic and international expansion. She also led the company's global corporate responsibility functions, including environmental, social and governance, as well as government affairs and public policy. Ms Shanahan also founded the consulting practice Maroon Peak Advisors of which she is a Principal.

Ms Shanahan is currently a director of Cedar Fair Entertainment Company (NYSE: FUN) and Deckers Outdoor Corporation (NYSE: DECK).

CORPORATE GOVERNANCE

The Board believes good corporate governance and transparency in corporate reporting is a fundamental part of the Group's culture and business practices.

During the year, the Board continued to govern the Company through the execution of its strategy of transitioning from an agricultural to a brand-led, high-performance organisation. Key governance focuses of the Board for the year included:

- Continued commitment to the governance of workplace health, safety and wellbeing performance and developing a culture of leadership on safety across the business, with the ongoing development of the safety framework, Destination Zero Harm, and related programs designed to empower the Company's leaders to engage their teams and lead safety performance.
- Providing input into, and approval of, management's development of corporate strategy, including setting performance objectives and approving the annual financial budget; and monitoring corporate performance and the implementation of strategy and policy.
- Continued to oversee the execution of the transformational changes to TWE's route-to-market in the United States (US), which are strengthening the Company's competitive positioning and driving portfolio growth.
- Board succession planning, including the appointment and induction of new independent non-executive director, Louisa Cheang, who joined the Board on 1 December 2018.
- Supporting and monitoring changes to the Executive Leadership Team.
- Oversight of management's continued commitment to a culture of high performance and ethical and responsible conduct to lead the global business and setting remuneration policy to attract and retain the best possible talent and reward high performance and conduct that exemplifies the Company's growth behaviours of focus, belief, trust and collaboration.
- A comprehensive review of the Group's Risk Profile (including both financial and non-financial risk) and Risk Management Framework to further enhance the assessment and management of contemporary and emerging material business risks facing the Group.
- Approving the new US$350 million syndicated debt facility, which maintains balance sheet flexibility, lengthens the Company's debt maturity profile and diversifies its source of funds.
- Approving and overseeing the implementation of the Global Business Services operating model, which is designed to deliver operational efficiencies.
- Approving the reinstatement of the Company's Dividend Reinvestment Plan.
- Maintaining effective governance to facilitate high-quality processes and internal controls as the business continues to grow.

INTRODUCTION

The Board is committed to conducting the Company's business ethically and responsibly and in accordance with high standards of corporate governance. This is essential for the long-term performance and sustainability of the Company and to protect the interests of its stakeholders.

To this end, the Board regularly reviews the charters and key policies that underpin the Company's corporate governance practices to ensure they remain appropriate, reflect high standards of governance and meet regulatory requirements. During the financial year, the Company's governance practices complied with the third edition of the ASX Corporate Governance Principles and Recommendations (ASX Principles and Recommendations). The importance of effective leadership, good governance and appropriate culture has been at the forefront of a number of key developments across corporate Australia, culminating in the release of the fourth edition of the ASX Principles and Recommendations on 27 February 2019. The Company is in the process of revising its governance practices with a view to ensuring alignment with the fourth edition of the ASX Principles and Recommendations before the end of the financial year ending 30 June 2020.

This Corporate Governance section provides an overview of the Board's operations, details on the governance framework and the key governance focuses of the Board for the financial year.

The full Corporate Governance Statement, which outlines the key aspects of the Company's corporate governance framework and practices for the year ended 30 June 2019, together with the Appendix 4G *Key to Disclosures – Corporate Governance Council Principles and Recommendations* and key governance documents, including the constitution, charters and policies, are available on our website at www.tweglobal.com/investors/corporate-governance.

BOARD OF DIRECTORS

Members of the Board

The Board continues to comprise a majority of independent directors with all directors, other than the Chief Executive Officer (CEO), being independent non-executive directors.

There were several changes to the Board during the year, including the appointment of Louisa Cheang as a non-executive director with effect from 1 December 2018. Ms Cheang is based in Hong Kong and has extensive senior executive and director experience in the Asia Pacific region, including as Vice Chairman and Chief Executive of Hang Seng Bank. Ms Cheang's appointment included appropriate background checks (including criminal, bankruptcy, education, qualifications and reference checks). In addition, Michael Cheek retired as a non-executive director on 18 October 2018.

The Board is committed to ensuring it is comprised of individuals with appropriate skills, experience and diversity to develop and support the Company's strategic aims, having regard to its five strategic imperatives.

The Board utilises a skills matrix to assist in assessing the mix of skills, experience and diversity on the Board, and to identify areas of focus to supplement the mix of skills and experience as part of Board succession planning.

The Board considers that its members collectively possess the appropriate competencies and attributes that enable the Board to discharge its responsibilities effectively, contribute to the Company's strategic direction and oversee the delivery of its corporate objectives.

Areas of competence and skills of the Board of directors are summarised in Table 1 below. In respect of each competence and skill (including health, safety and environment), either all directors or a majority of them are considered to be either highly competent or practised.

Table 1 – Areas of Competence and Skills – Board of Directors

Strategic Imperatives

PEOPLE	BRANDS	MARKETS	PARTNERS	MODEL
Build a high-performing organisation	**Transform our portfolio**	**Win in priority markets**	**Develop long-term relationships**	**Optimise our capital base**

Directors' Skills

AREA	COMPETENCE/EXPERIENCE
Industry	Wine, alcohol beverages, consumer and brand marketing, supply chain, distribution, route-to-market.
Leadership and Strategy	Listed company experience, business strategy development, business and executive leadership, CEO experience, mergers and acquisitions.
Finance and Business	Financial acumen, financial accounting, audit, corporate finance, capital management, e-commerce and technology.
Governance and Regulatory	Corporate governance, legal, regulatory, health, safety and environment, government relations, risk management, human resources and remuneration.
International	International business experience and international industry experience.

The Board recognises the importance of cultural, geographic and gender diversity amongst its members which is reflected in the current representation on the Board, with four non-executive directors based offshore in regions in which the Company operates. The Board considers that it also has an appropriate mix of director tenure, with its members ranging from newly appointed to longer standing directors. As at June 2019, the average tenure for the Company's non-executive directors was 4.9 years.

In 2017, the Board set an aspirational target to achieve 30% female representation on the Board by the 2018 Annual General Meeting as vacancies and circumstances allow. Since the appointment of Louisa Cheang with effect from 1 December 2018, women represent 37.5% of the Board. In order to maintain gender diversity in the composition of the Board, in 2019 the Board set itself a measurable objective that at least 30% of its directors will be of each gender going forward.

The Board is committed to ensuring its performance is enhanced through its director induction and ongoing education program. The Board's ongoing education calendar incorporated site visits throughout the financial year to a number of the Company's operational facilities. Further, presentations were given by management and external parties concerning developments impacting, or likely to impact, the business.

Independence

The Board, having reviewed the position and associations of all non-executive directors currently in office, considers that all non-executive directors are independent.

During the year, non-executive directors met periodically without the presence of management to have the opportunity to discuss key matters amongst the non-executive directors.

Annual director elections

Under the Constitution of the Company, at least every three years non-executive directors are required to retire by rotation and may seek re-election. However, in 2019 the Board, having regard to the global nature of the Company and emerging governance requirements in key markets, adopted a policy pursuant to which all non-executive directors will seek re-election annually, commencing at the 2019 Annual General Meeting.

Role of the Board

The responsibilities of the Board as set out in the Board Charter include:

Strategic guidance and effective oversight of management

- Providing input into, and approval of, the Group's corporate strategy, performance objectives and business plans as developed by management.
- Appointing the CEO and managing succession planning, as well as overseeing changes to the Executive Leadership Team, with a view to ensuring senior management has the appropriate resources to enable implementation of the Company's strategic initiatives.

- Directing, monitoring and assessing the Group's performance against strategic and business plans.
- Approving and monitoring capital management, including major capital expenditure, acquisitions and divestments.

Risk assessment and management

- Reviewing and evaluating the integrity of the Group's systems of risk management (for both financial and non-financial risks), legal compliance, and internal compliance and control.

Obligations to stakeholders

- Monitoring and reviewing processes aimed at ensuring integrity of financial and other reporting.
- Monitoring compliance with adopted strategies, procedures and standards, including corporate governance standards.

Board Committees

Three standing Board Committees have been established to assist the Board in fulfilling its responsibilities.

Board of Directors

Audit and Risk Committee

Oversees: Financial reporting, risk management and internal controls, external and internal audit, capital management and compliance.

Key focuses for F19 included:

- Updating the Group's Risk Profile and Risk Management Framework, including revisions to risk assessments and the inclusion of new and emerging risks (financial and non-financial).
- Reviewing the scope of the annual internal and external audit programs and overseeing the conduct and coordination of those programs, as well as the performance and independence of the internal and external auditors.
- Reviewing significant accounting and financial reporting related matters raised by management and the auditors, including reviewing the transition to reporting under the new lease accounting standard.
- Overseeing the work being undertaken to assess the Company's level of readiness to meet the Taskforce for Climate-related Disclosure (TCFD) recommendations and address any gaps.
- Reviewing workplace health, safety and environmental matters across the Group.
- Reviewing whistleblower matters reported across the Group.
- Reviewing the register of potential conflicts of interests disclosed by employees.
- Monitoring the Group's insurance renewal program.
- Reviewing and recommending to the Board for approval the F19 full year and interim financial reports.
- Recommending to the Board for approval the reinstatement of the Dividend Reinvestment Plan.
- Recommending to the Board for approval the implementation of the Global Business Services operating model.
- Recommending to the Board for approval amendments to the Anti-bribery and Corruption Policy to reflect changes to legislation.

Nominations Committee

Oversees: Board composition, performance of the Board, Board Committees and individual directors, as well as succession planning.

Key focuses for F19 included:

- Assessing the competencies of the directors to ensure the appropriate range of skills and expertise amongst Board members.
- Board succession planning, including recommending to the Board the appointment of Louisa Cheang as a new non-executive director with effect from 1 December 2018.
- Overseeing the externally facilitated review of the performance of individual directors, the Board as a whole and the operation of the Board Committees.
- Assessing the independence of directors and suitability of director candidates for re-election and election.

Human Resources Committee

Oversees: Training, development and succession planning for senior management, Company's diversity policy, evaluation of senior executive performance and remuneration and non-executive directors' fees.

Key focuses for F19 included:

- Reviewing and recommending to the Board for approval the CEO's fixed remuneration and incentive compensation arrangements, including reviewing the attainment of STI and LTI performance conditions.
- Reviewing and approving the fixed remuneration and incentive compensation arrangements for senior executives, including reviewing the attainment of STI and LTI performance conditions.
- Reviewing the remuneration arrangements for changes in key management personnel and senior executives.
- Reviewing the potential impact of the new lease accounting standard on incentive plan metrics.
- Reviewing and recommending to the Board for approval the base fee and committee fees payable to non-executive directors.
- Reviewing and recommending to the Board for approval the Company's Remuneration Report.
- Reviewing and recommending to the Board for approval the diversity and inclusion measurable objectives and overseeing the implementation of initiatives designed to meet those objectives.
- Approving the terms of engagement of the remuneration consultant.

GOVERNANCE POLICIES

The Company has a number of governance policies which guide how it does business, including:

- Code of Conduct, which recognises that the Company's reputation is one of its most valuable assets, founded on the ethical and responsible behaviour of the people who represent the Company;
- Disclosure Policy, which recognises the importance of timely disclosure of the Company's activities to shareholders and market participants so that trading in the Company's shares takes place in an informed market;
- Anti-bribery and Corruption Policy, which supports the Company's commitment to countering bribery and corruption in all forms and confirms that the Company does not tolerate any form of bribery and corruption;
- Whistleblower Policy, which promotes and supports the Company's culture of honest and ethical behaviour by encouraging the reporting of suspected or actual unethical, illegal, corrupt or fraudulent behaviour or any other matter that may contravene the Company's Code of Conduct or other policies or the law;
- Potential Conflicts of Interest Policy, which guides the disclosure and management of potential conflicts of interest;
- Share Trading Policy, which prohibits trading in the Company's shares by directors and employees if they are in possession of 'inside information' and provides for trading windows during which directors and employees may trade (being the six-week period immediately following the release of the Company's full-year results, the four-week period immediately following the release of the Company's half-year results, and the two-week period immediately following the Annual General Meeting), subject to any required approvals being obtained; and
- Risk Management Policy, as well as a Risk Management Framework, which provide guidance and direction on the management of risk in the Company and state the Company's commitment to the effective management of risk (financial and non-financial) to reduce uncertainty in the Company's business outcomes.

DIRECTORS' REPORT

The directors of Treasury Wine Estates Limited (the Company) present their report together with the financial report for the Company and its controlled entities (the Group) for the financial year ended 30 June 2019 and the auditor's report.

The following sections of the Annual Report form part of, and are to be read in conjunction with, this Directors' Report:

- Operating and Financial Review (OFR)
- Board of Directors
- Remuneration Report

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were viticulture and winemaking, and the marketing, sale and distribution of wine.

STATUTORY INFORMATION

The Group's consolidated financial statements have been presented for the financial year ended 30 June 2019 and appear on pages 64 to 111.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report are:

	DATE OF APPOINTMENT
Warwick Every-Burns	9 May 2011
Paul Rayner	9 May 2011
Ed Chan	1 September 2012
Michael Cheek (retired 18 October 2018)	1 September 2012
Garry Hounsell	1 September 2012
Michael Clarke (Chief Executive Officer)	31 March 2014
Lauri Shanahan	1 November 2016
Colleen Jay	1 April 2018
Louisa Cheang	1 December 2018

Particulars of the current directors' qualifications, experience and Board Committee responsibilities are detailed in the Board of Directors section of this Annual Report.

DIRECTORS' MEETINGS

The number of Board and Board Committee meetings and the number of meetings attended by each of the directors of the Company during the financial year are listed below:

Meetings held during 2019 financial year

	BOARD MEETINGS[1]		AUDIT AND RISK COMMITTEE MEETINGS[1]		HUMAN RESOURCES COMMITTEE MEETINGS[1]		NOMINATIONS COMMITTEE MEETINGS[1]		ADDITIONAL MEETINGS[2]
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	ATTENDED
Paul Rayner	8	8	–	–	–	–	4	4	7
Michael Clarke	8	8	–	–	–	–	–	–	6
Ed Chan	8	8	4	4	–	–	–	–	–
Louisa Cheang[3]	4	4	–	–	–	–	–	–	–
Michael Cheek[4]	4	3[5]	–	–	2	2	–	–	–
Warwick Every-Burns	8	8	–	–	4	4	4	4	1
Garry Hounsell[6]	8	8	4	4	2	2	4	4	7
Colleen Jay	8	7[7]	4	4	–	–	–	–	–
Lauri Shanahan	8	8	–	–	4	4	–	–	–

1. Shows the number of meetings held and attended by each director during the period that the director was a member of the Board or Committee. Directors who are not members of Board Committees do attend Committee meetings from time to time. The above table reflects the meeting attendance of directors who are members of the relevant Committee(s).
2. Reflects the number of additional formal meetings attended during the financial year by each director, including Committee meetings (other than Audit and Risk Committee, Human Resources Committee or Nominations Committee) where any two directors are required to form a quorum.
3. Ms Cheang was appointed as a director with effect from 1 December 2018.
4. Mr Cheek retired as a director and member of the Human Resources Committee with effect from 18 October 2018.
5. Mr Cheek attended all scheduled Board meetings while he was a director. This number reflects his absence from one unscheduled Board meeting due to a prior commitment.
6. Mr Hounsell joined the Human Resources Committee with effect from 19 October 2018.
7. Ms Jay attended all scheduled Board meetings. This number reflects her absence from one unscheduled Board meeting due to a prior commitment.

Directors' interests in share capital
The relevant interest of each director in the share capital of the Company as at the date of this report is disclosed in the Remuneration Report.

Company Secretary
The Company Secretary is Fiona Last LLB (Hons), B.Com, FGIA. She has been the Company Secretary since September 2016. Ms Last is an experienced corporate lawyer and governance adviser with over 20 years relevant professional experience. She has practised as a corporate lawyer for legal firms in Australia, Asia and the United Kingdom and has significant experience providing in-house legal and governance advice to top ASX listed companies.

DIVIDENDS
Interim dividend: The Company paid an interim dividend of 18 cents per ordinary share on 5 April 2019. The dividend was fully franked.

Final dividend: Since the end of the financial year, the directors have declared a final dividend of 20 cents per share, fully franked and payable on 4 October 2019.

The record date for entitlement to this dividend is 5 September 2019.

In summary:

	DIVIDEND PER SHARE	$M
Interim dividend paid on 5 April 2019	18 cents	$129.4
Final dividend payable on 4 October 2019	20 cents	$143.8
Total	38 cents	$273.2

The Company paid shareholders a final dividend in respect of the 2018 financial year of $122.2 million.

EVENTS SUBSEQUENT TO BALANCE DATE
On 27 July 2019 the Group acquired production and vineyard assets in the Bordeaux region of France which will allow the Group to expand its French country-of-origin portfolio, centred on the Penfolds, Beaulieu Vineyard and Maison de Grande Esprit brands.

On 15 August 2019 the Group announced an expansion of Luxury winemaking assets in Australia with a significant investment in the Bilyara winery site in South Australia. This project will support the continued growth of the Australian Luxury portfolio and will increase wine making capacity, drive production efficiency and increase wine storage facilities. The investment includes an additional production line, processing infrastructure and the construction of additional barrel storage facilities, increasing production and storage capacity. Total capital investment is expected to be between $150 million and $180 million and will be incurred over the course of F20 and F21. In addition, one-off costs of approximately $35 million are expected to be incurred in F20.

Other than as disclosed in the financial statements, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

CORPORATE RESPONSIBILITY
Matters of environmental and social significance to the Group are primarily addressed within the Corporate Responsibility (CR) framework. This framework is governed by the Global CR Council, comprising the Chief Executive Officer and senior representatives from regional and functional areas of the business.

Further detail on the Group's CR framework, strategy, initiatives and achievements are detailed in the Corporate Responsibility section of this Annual Report and the Company's 2019 Sustainability Report.

ENVIRONMENTAL REGULATION
The Group is subject to various environmental laws and regulatory frameworks governing energy, water, waste and greenhouse gas reporting for its operations globally.

Management of environmental issues is a core element of the work program delivered by sustainability and technical teams and is detailed in the relevant material business risks outlined in the OFR and the 2019 Sustainability Report.

The Group recognises the direct link between effective management of its environmental impacts and its business success. To this end, the Group's environment policies, procedures and practices are designed to ensure that the Group maintains focus on resource efficiency and continuous improvement, and that environmental laws and permit conditions are complied with. Compliance with these regulatory and operational programs has been incorporated into relevant business practices and processes.

The Group monitors its operations through a Health, Safety and Environment (HSE) Management System, overlaid with a risk management and compliance system overseen by the Audit and Risk Committee. The Global CR Council provides executive oversight of the Group's strategic approach to managing the environmental challenges it faces. Although the Group's various operations involve relatively low inherent environmental compliance risk, matters of non-compliance are identified from time to time and are corrected. Where required, the appropriate regulatory authority is notified.

Under the compliance system, the Audit and Risk Committee and the Board receive six-monthly reports detailing matters involving non-compliance and potential non-compliance. These reports also detail the corrective action that has been taken.

Under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act), the Company is required to report on its Australian operations that exceed specific greenhouse gas emissions or energy-use thresholds. The Company submitted its annual NGER Act report by the prescribed reporting date of 31 October 2018.

During the financial year, the Group was not found to be in breach of any environmental regulations.

PROCEEDINGS ON BEHALF OF THE COMPANY

There are no proceedings brought or intervened in, or applications to bring or intervene in proceedings, on behalf of the Company by a member or other person entitled to do so under section 237 of the *Corporations Act 2001* (Cth).

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

KPMG is the Company's auditor, appointed with effect from 23 October 2013.

The Group may decide to engage the auditor, KPMG, on assignments additional to their statutory audit duties where such services are not in conflict with their role as auditor and their expertise and/or detailed experience with the Company may allow cost efficiencies for the work.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services by KPMG is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Board also notes that:

- the engagements for all non-audit services have been reviewed by the Chief Financial Officer and, where relevant, the Chair of the Audit and Risk Committee in accordance with the Committee's rules of engagement regarding the provision of non-audit services by the External Auditor contained in the Committee Charter to ensure they do not impact the actual or perceived impartiality and objectivity of KPMG; and
- none of the services provided by KPMG undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the financial year, the fees paid or payable for non-audit services provided by KPMG and its related practices totalled $346,348. Amounts paid or payable for audit and non-audit services are disclosed in note 30 of the Financial Statements.

A copy of the auditor's independence declaration is set out on page 43 and forms part of this report.

INDEMNITIES AND INSURANCE

Rule 40 of the Company's Constitution provides that the Company will, to the extent permitted by law, indemnify directors and officers of Group companies in respect of any liability, loss, damage, cost or expense incurred or suffered in or arising out of the conduct of the business of the Group or the proper performance of any duty of that director or officer.

Each director of Treasury Wine Estates Limited has entered into a Deed of Indemnity, Insurance and Access (Deed) with the Company. Several members of the senior executive team have also entered into a Deed. No director or officer of the Company has received a benefit under an indemnity from the Company during the period ended 30 June 2019 or to the date of this report.

In accordance with the Company's Constitution and the Deed, the Company has paid a premium in respect of an insurance contract that covers directors and officers of the Group companies against any liability arising in or out of the conduct of the business of the Group and the proper performance of any duty of that director or officer. Due to confidentiality undertakings of the policy, no further details in respect of the premium or the policy can be disclosed.

ROUNDING

Treasury Wine Estates Limited is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/19* and, except where otherwise stated, amounts in the statutory financial statements forming part of this report have been rounded off to the nearest one hundred thousand dollars or to zero where the amount is $50,000 or less.

Dated at Melbourne 28 August 2019.

Paul Rayner	**Michael Clarke**
Chairman	*Chief Executive Officer*

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Treasury Wine Estates Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Treasury Wine Estates Limited for the financial year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Gordon Sangster
Partner
Melbourne
28 August 2019

F19 REMUNERATION REPORT (AUDITED)

CONTENTS

EXECUTIVE REMUNERATION

Introduction from the Chairman of the Human Resources Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present our F19 remuneration report for which we will seek your approval at our Annual General Meeting in October 2019. The remuneration report is designed to demonstrate the Company's performance, executive reward framework and outcomes and their strong alignment with shareholder returns.

During the year, the Committee has continued its work to achieve remuneration outcomes that fairly reflect the performance of TWE and individuals. TWE's remuneration practices are designed to attract, motivate and retain the high-calibre talent needed to continue delivering sustainable results that out-perform the market. F19 has seen continued improvement in performance and the remuneration outcomes for F19 reflect this.

In F19, we have delivered another high-quality set of financial results for our shareholders. The positive momentum in our business was delivered through our premiumisation strategy, the disciplined investments we have made in our business over recent years and importantly, exceptional execution by our global team. These results were achieved in an environment of 'doing the right thing' consistent with TWE's growth behaviours, which are a key component of our remuneration practices.

We have reported an outstanding 25% EBITS growth to $662.7 million and a 2.3 percentage point ROCE improvement to 14.9%. Our EBITS margin for F19 increased by 1.6 percentage points to 23.4% and the Company's Total Shareholder Return performance of 69% from July 2016 to June 2019 was at the 80th percentile relative to its peer group.

This year's results demonstrate the exceptional returns we are delivering for our shareholders, and they are a direct result of the investments and structural change our team has made in our global business over the past five years. Sustainability is at the heart of everything we do at TWE, and we will continue to pursue opportunities to enhance the fundamentals of our business with a mindset of prioritising long-term success over short-term outcomes.

We look to the future with confidence, knowing that we have the people, the brands, the wine, the business models and the customer partnerships to continue delivering sustainable, margin accretive growth.

The remuneration outcomes for F19 reflect an appropriate alignment between pay and TWE's performance during the year. We remain confident our philosophy, framework and remuneration policy can continue to support long-term value creation.

The Committee is responsible for other Human Resources matters across the Group, including diversity and inclusion, talent, capability, culture and engagement. It remains our intention to encourage open dialogue with shareholders and other stakeholders, particularly around our remuneration practices, disclosures, and governance matters, and accordingly I welcome any feedback and comments you may have.

Yours sincerely,

Warwick Every-Burns
Human Resources Committee Chairman

1. KEY MESSAGES

This report details the F19 remuneration framework and outcomes for the Key Management Personnel (KMP) of the Group which includes non-executive directors. In this report, 'executives' refers to executives identified as KMP excluding the non-executive directors. It is prepared in accordance with the requirements of the *Corporations Act 2001* and all references are to Australian dollars (A$) unless otherwise specified.

a) Financial highlights for F19

In F19, Treasury Wine Estates Limited (TWE) delivered EBITS of $662.7 million, up 25%, and adjusted Earnings per Share (EPS) of 60.4 cents (before material items and SGARA). The Company also delivered outstanding EBITS margin accretion, up 1.6 percentage points to 23.4% and improved Return on Capital Employed (ROCE), up 2.3 percentage points to 14.9%.

F19 was a year where the positive momentum in our business was delivered through our premiumisation strategy, the disciplined investments we have made in our business over recent years and importantly, exceptional execution by our global team. We delivered another high-quality set of financial results for our shareholders.

b) KMP

Executive KMP at TWE during F19 are as follows:

EXECUTIVES (AS AT 30 JUNE 2019)

Current KMP		
MA Clarke	Chief Executive Officer	Full Year
TM Ford	Chief Operating Officer	From 19 January 2019
MJ Young	Chief Financial Officer	Full Year
Former KMP		
RB Foye	Former Chief Operating Officer	1 July 2018 to 18 January 2019

As announced on 21 January 2019, Mr Foye's employment was terminated on 18 January 2019 due to a breach of internal policies at which time he ceased to be KMP. Mr Ford was appointed as Chief Operating Officer (COO) from 19 January 2019.

On cessation of employment, Mr Foye forfeited all unvested awards, comprising 23,768 restricted shares from the F17 and F18 deferred short-term incentive plans and 340,316 performance rights from the F17, F18 and F19 long-term incentive plans. Further information is outlined in section 3.

c) Fixed remuneration

TWE is now a truly global company with significant growth increasing the responsibility and complexity of executive roles. The executive team has been crucial to the successful turnaround of the Company. The reward, retention and development of this team has been a key consideration of the Board and was reflected in fixed remuneration outcomes for executives.

The Board is committed to rewarding and retaining the CEO who has led the financial transformation and sustained out-performance of the Company. As reported in the Company's 2018 Report, Mr Clarke's fixed remuneration increased from $2,500,000 to $2,600,000 effective 1 September 2018. For F20, the Board approved a 2% increase to Mr Clarke's fixed remuneration to $2,652,000 and a 2% increase to Mr Young's fixed remuneration to $714,000, effective 1 September 2019. Mr Ford was appointed as COO on 19 January 2019 which coincided with him becoming KMP. His fixed remuneration was set at $800,000 effective 1 March 2019, reflecting the responsibilities of his new role. As noted in the 2018 Remuneration Report, the fixed remuneration of the former COO, Mr Foye, was increased on 1 September 2018 by 3.2% to US$851,000.

d) Short-term incentives in the year

Again, the Group's successful focus on sustainable earnings growth, cost management and operational effectiveness, has delivered exceptional returns for our shareholders. The continued focus on our premiumisation strategy, the disciplined investments we have made in our business over recent years, and investment in long-term relationships with key stakeholders has driven over-achievement on the executive KMP's balanced scorecards. We will continue to pursue opportunities to enhance the fundamentals of our business with a mindset of prioritising long-term success over short-term outcomes.

As a result, the Board has determined that the F19 short-term incentive plan (STIP) outcomes are at maximum (120% of fixed remuneration for the period since becoming KMP) for Mr Ford and above target (86% of fixed remuneration) for Mr Young. The CEO received a STIP outcome of 150% of fixed remuneration due to achievement of maximum performance.

e) Long-term incentives in the year

The Group's Total Shareholder Return (TSR) performance was at the 80th percentile relative to its peer group. This achievement, along with strong ROCE results, has driven vesting of 100% of the F17 long-term incentive plan (LTIP) for eligible executives. This vesting outcome for executives mirrors the strong returns delivered to investors over the plan period. The share price appreciated from $9.28 on 1 July 2016 to $14.92 on 28 June 2019. Over the three year plan period investors have enjoyed a 61% increase in the Company's share price and growth in Return on Capital Employed has increased from 9.3% to 14.9%.

f) Changes for F20

F20 LTIP

In the F20 LTIP, the weighting of the two metrics remain unchanged from the F19 LTIP with ROCE weighted at 75% of the plan and Relative Total Shareholder Return (TSR) weighted at 25%.

The following targets have been set for the F20 LTIP.

ROCE growth will be measured against the adjusted F19 ROCE base of 13.8%. This adjusted base takes into account the new Lease Accounting Standard, AASB 16 *Leases*, which is mandatorily effective in Australia for annual reporting periods commencing on or after 1 January 2019 (refer to section 1 g) for further information) and will vest according to the following schedule.

ROCE baseline 13.8% (F19)	% ROCE growth	ROCE result	% of Performance Rights subject to ROCE measure which vest
	Less than 1.0%	Less than 14.8%	0%
	1.0% to 1.9%	14.8% to 15.7%	35–100%
	At or above 1.9%	At or above 15.7%	100%

The Relative TSR vesting schedule for the F20 LTIP is unchanged from F19.

Relative TSR vesting schedule	Relative TSR ranking	% of Performance Rights subject to Relative TSR measure which vest
	Below 50th percentile	0%
	50th to 60th percentile	35–70%
	60th to 75th percentile	70–100%
	At or above 75th percentile	100%

The peer group for Relative TSR comprises companies within the S&P/ASX 200 Index, excluding companies from the energy, metal and mining, real estate and finance sectors.

Offers of performance rights under the F20 LTIP are subject to the satisfaction of performance conditions, as outlined above, over the performance period from 1 July 2019 to 30 June 2022. LTIP awards to KMP are at the absolute discretion of the Board. For the F20 LTIP the following awards will apply:

- Mr Clarke: opportunity of 200% of fixed remuneration at maximum, 70% at threshold, 0% below threshold
- Mr Ford: opportunity of 150% of fixed remuneration at maximum, 52.5% at threshold, 0% below threshold
- Mr Young: opportunity of 150% of fixed remuneration at maximum, 52.5% at threshold, 0% below threshold.

The Company will seek shareholder approval at the 2019 Annual General Meeting for the F20 LTIP offer to the CEO.

General Employee Share Plan (2019 Share Cellar Plan)

The Company's general employee share plan (Share Cellar Plan) was enhanced during 2019. For employees enrolling in the 2019 plan, the Company will deliver one matched share for every purchased share (previously every two purchased shares) held at the plan vesting date (i.e. one to one matching), subject to continued employment. Further information on the Share Cellar Plan is outlined in sections 2 f) and 3 e).

CEO Minimum Shareholding

Non-executive directors and executives are encouraged to have control over ordinary shares in the Company, and are required to hold at least the equivalent of one year's base fees or fixed remuneration respectively. From F20, the CEO has volunteered to have control over ordinary shares equivalent to two year's fixed remuneration. This is the new guideline for the CEO, which has already been met and exceeded at the date of this report. The guidelines are expected to be met over a reasonable period of time (approximately five years). Refer to section 5 c) for further information.

g) New Accounting Standard on Leases

A new Lease Accounting Standard, AASB 16 *Leases*, is mandatorily effective in Australia for annual reporting periods commencing on or after 1 January 2019. The Group will adopt AASB 16 in the annual reporting period ending 30 June 2020 (F20). AASB 16 removes the lease classification test for lessees and requires the Group to bring all material leases with lease terms greater than one year onto the balance sheet.

The new standard is expected to have an impact on the Group's balance sheet and P&L, both of which are key inputs to the EBITS and ROCE metrics used in the Company's incentive plans. The Board has determined to manage the impact of this change on incentive plan outcomes. It is intended that plan participants will not materially benefit or be materially disadvantaged by the change of accounting treatment in any period. Further details of the impact of AASB 16 are included in note 31 to the financial statements.

2. REMUNERATION STRATEGY AND FRAMEWORK

a) Remuneration strategy

TWE's remuneration strategy sets the direction for the remuneration framework, and drives the design and application of remuneration programs across the Group, including for executives. The strategy aims to attract, retain and reward the best talent while building a performance oriented culture. It sets out principles and processes to ensure remuneration practices attract and motivate the highest calibre employees to achieve TWE's business and financial objectives.

The remuneration strategy is designed to drive strong alignment between financial results for the business, wealth outcomes for shareholders and remuneration outcomes for employees. The Board believes that remuneration of executives should include a fixed component and at-risk or performance-related components, including both short-term and long-term incentives. Executive and stakeholder interests are aligned through share ownership.

The weighting of the at-risk remuneration components for each executive reflects the Board's commitment to performance-based reward. The diagram below illustrates the mix of remuneration components for executives, firstly as a percentage of total remuneration (TR) at target, and then as a proportion of total maximum potential remuneration. Section 3 of this report describes performance outcomes over the past five years, and how they have impacted remuneration outcomes.

b) Total remuneration

Executive total remuneration (TR) comprises fixed remuneration (FR) and variable ('at-risk') remuneration in the form of STIP and LTIP. The remuneration structure in F19 for current executives as at 30 June 2019 is as follows.

Total Remuneration with STIP at Target and LTIP at Threshold:

CEO

Percentage of TR
- FR **37%**
- STIP (at target) **37%**
- LTIP (at threshold) **26%**

Executives

Percentage of TR
- FR **46%**
- STIP (at target) **30%**
- LTIP (at threshold) **24%**

Total Remuneration with both STIP and LTIP at Maximum:

CEO

Percentage of TR
- FR **22%**
- STIP (at maximum) **33%**
- LTIP (at maximum) **45%**

Executives

Percentage of TR
- FR **27%**
- STIP (at maximum) **32%**
- LTIP (at maximum) **41%**

The CEO's remuneration mix in F19 changed slightly from F18 due to his LTIP award decreasing from 300% of fixed remuneration in the F18 LTIP grant to 200% of fixed remuneration in the F19 LTIP grant.

c) Fixed remuneration

For Australian-based executives, total fixed remuneration is inclusive of superannuation and other benefits. For executives based outside Australia, references to fixed remuneration refer to base salary.

Fixed remuneration is reviewed annually and set at a market-competitive level reflective of the executive's skills, experience and responsibilities, and taking into account complexity of role, location and performance. The Group looks at industry and general market peer groups, with key criteria applied such as market capitalisation and revenue. Both Australian and global peers are considered, reflecting the complexity of roles in a global business and the Group's international lens on talent. Peer groups are reviewed regularly for accuracy and alignment with the nature of the business.

d) Short-term incentive plan (STIP)

The STIP drives an annual at-risk component of remuneration and links business results for the fiscal year, executive performance and reward using a balanced scorecard approach.

The STIP performance measures are consistent across the Company. They are designed to support the financial health of the organisation and shareholder return in terms of dividends and share price – this year and over time. The metrics are aimed at reinforcing Company culture as their achievement requires compliance with the Company's Growth Behaviours, focus, belief, trust and collaboration. Hurdles and stretch targets are set for each metric and the sustainability of growth and returns is non-negotiable.

F19 STIP MEASURES	REMUNERATION AND PERFORMANCE LINK
Global EBITS (40%)	The EBITS metric focuses and rewards executives for the overall health and profit-producing ability of the Group/Region. It is designed to ensure TWE products are available in the right quantities and retail locations and to reward executives for levels of earnings that will benefit shareholders and provide capital that can be further invested by the Group for future growth.
Cost and process optimisation (15% to 20%)	The cost optimisation metric aims to reward executives for the efficient deployment of overheads. It encourages executives to innovate, and where warranted to invest, to remove waste, achieve economies of scale and simplify.
Growth in brand contribution, sales and new revenue streams (10% to 15%)	This growth metric aims to reward executives for delivering new revenue opportunities and drive a steep trajectory in top line growth globally. Delivery of this metric drives executives to optimise the contribution of each brand and then explore wider opportunities for the Company to grow beyond existing products, markets, consumers and customers.
Margin accretion (10% to 15%)	Executives delivering margin accretion are rewarded for delivering growth through premiumisation of the Company's portfolio, optimising investment and making risk-managed, smart decisions.
Quality of growth (15% to 20%)	This metric rewards executives for the delivery of quality growth as measured by improvements in the balance sheet, operating cash flow, forecast accuracy and brand premiumisation, all critical to delivering Return on Capital Employed metric (ROCE) and financial returns for investors.

The table below provides further detail including the weighting of metrics and size of opportunity.

F19 STIP PERFORMANCE MEASURES	STIP OPPORTUNITY	STIP DETAIL
The STIP Balanced Scorecard is weighted by role. *CEO:* 40% global EBITS 15% cost and process optimisation 15% growth through new revenue streams 15% margin accretion 15% quality of growth *CFO:* 40% global EBITS 20% cost and process optimisation 10% growth in brand contribution 10% margin accretion 20% quality of growth *COO:* 40% global EBITS 15% cost and process optimisation 15% growth through new revenue streams 15% margin accretion 15% quality of growth Each measure is assessed after the financial year-end against the full-year audited financial report on a constant currency basis to determine the overall level of performance achieved. The Balanced Scorecard can drive a multiplier outcome between 0 and 1.2 as per the diagram overleaf.	The annual STIP opportunity is at the absolute discretion of the Board. In F19, the following STIP opportunities applied: *Target:* Executives 66.5% of FR CEO 100% of FR *Maximum:* Executives 120% of FR CEO 150% of FR The Individual Performance Multiplier is derived from the level of each Executive's achievement of individual KPOs and demonstration of the Company's growth behaviours. The Individual Performance Multiplier can drive a result of 0 to 1.5 as per the diagram below (except for the CEO for whom the individual multiplier on STIP is capped at 1.25).	An annual award of cash and/or equity may be received based on: • Group, team and individual financial, strategic and operational performance, measured by way of the Balanced Scorecard; and • Agreed individual key performance objectives (including company behaviours) measured by way of the Individual Performance Multiplier One-third of the STIP award for executives is deferred into Restricted Equity in the Company. Of this Restricted Equity, one-half (i.e. one-sixth of the overall STIP award) will vest after one year, and one-half (i.e. one-sixth of the overall STIP award) will vest after two years. The remaining two-thirds of the STIP award is delivered in cash at the end of the F19 financial year.

The overall structure of the F19 STIP is provided below.

Fixed remuneration $ × STIP opportunity % × Balanced Scorecard multiplier (0 to 1.2) × Individual multiplier (0 to 1.5)* = **STIP Award $**

Fixed remuneration $	STIP opportunity %	Balanced Scorecard multiplier (0 to 1.2)	Individual multiplier (0 to 1.5)*
Fixed – based on level of skill and responsibility.	**Fixed** – based on role and level of role within the Company.	**Variable** – based on Balanced Scorecard performance.	**Variable** – based on individual performance.

* 0 to 1.25 for the CEO

STIP Award $	
Restricted Equity	1/3
Cash	2/3

e) Long-term incentive plan (LTIP)

The LTIP is designed to reward executives for long-term performance and value creation for shareholders. Offers are approved by the Board and made to select executives and senior leaders as nominated by the CEO. For F19 the Board awarded the CEO an LTIP opportunity of 200% of fixed remuneration.

The performance period for the F19 LTIP is 1 July 2018 to 30 June 2021 and the plan has the following features.

LTIP PERFORMANCE MEASURES	LTIP OPPORTUNITY	LTIP DETAIL
Relative Total Shareholder Return (TSR) (25% weighting) Relative to S&P/ASX 200 Index, excluding companies from the energy, metal and mining, real estate and finance sectors. **Return on Capital Employed (ROCE) Growth (75% weighting)** Calculated as EBITS divided by average capital employed (at constant currency). Capital employed is the sum of average net assets (excluding SGARA) and average net debt.	LTIP awards are at the absolute discretion of the Board. In F19, the following awards applied: CEO 200% of FR Other executives 150% to 200% of FR	LTIP awards are delivered in the form of performance rights. The number of rights allocated is based on face value using the 90-day VWAP preceding 1 July at the start of the performance period. If the performance conditions are met at the end of the three-year performance period, rights vest and executives receive a share for each vested performance right. No amount is payable on the vesting of the performance rights or on their conversion into shares. Any rights that do not vest lapse.

F19 LTIP vesting schedules

Relative TSR vesting schedule	**Relative TSR ranking**	**% of Performance Rights subject to Relative TSR measure which vest**	
	Below 50th percentile	0%	
	50th to 60th percentile	35–70%	
	60th to 75th percentile	70–100%	
	At or above 75th percentile	100%	
ROCE baseline 12.6% (F18)	**% ROCE growth**	**ROCE result**	**% of Performance Rights subject to ROCE measure which vest**
	Less than 1.9%	Less than 14.5%	0%
	1.9% to 2.6%	14.5% to 15.2%	35–100%
	At or above 2.6%	At or above 15.2%	100%

f) General employee share plan (Share Cellar)

The Group has a broad-based employee share plan, Share Cellar, which operates by way of after-tax employee payroll contributions (minimum $500 to maximum $5,000) to acquire shares in the Company. An equivalent cash plan operates in countries where, due to local laws, it is not practicable to offer shares to employees.

In the plans operating from 2015 to 2018, for every two purchased shares that a participant holds at the vesting date (approximately two years) the Company delivers one matched share (i.e. one to two matching), subject to continued employment. This design feature was enhanced in the 2019 Share Cellar Plan. For employees enrolling in the 2019 plan, the Company will deliver one matched share for every purchased share held at the plan vesting date (i.e. one to one matching), subject to continued employment.

Shares were acquired in F19 under the 2018 Share Cellar offer, and a subsequent offer to participate in the 2019 Share Cellar Plan was made during the year. The first share purchases in the 2019 Share Cellar Plan will occur in September 2019 (F20).

g) Mid-term incentive plan (MTIP) and restricted equity plan (REP)

In addition to the LTIP, the Group operates the MTIP and REP which allows the Board to make offers of Deferred Share Rights or Restricted Shares for the purpose of attracting, retaining and motivating key employees within the Group. Participation in the MTIP is open to senior managers (excluding executives eligible for LTIP) and is subject to performance conditions. There were no awards granted to, or vested for, executives under the MTIP or REP in F19.

h) Other key information

Board discretion and clawback

The Board will exercise discretion to ensure any cash or equity outcomes are appropriately aligned to the Company's underlying performance and the interests of shareholders. The Board maintains the discretion to clawback any vested or unvested equity should a clawback event arise, which was not apparent at the time the equity was awarded. This may include (but is not limited to) material misstatement of financial results, material reputational damage to the Group, or where there was serious misconduct by a participant. This includes discretion to reduce, forfeit or reinstate awards, require payback of proceeds from the sale of vested awards and/or reset or alter the performance conditions applying to any award.

Leavers

The Board has absolute discretion as to whether participants retain their unvested equity upon ceasing employment, taking into account the circumstances of their departure. In general if an executive ceases employment with the Group they forfeit their entitlement to cash or equity under the Company's incentive plans.

In exceptional circumstances (such as redundancy, death or disability), the Board, in its discretion, may determine that a portion of the award is retained having regard to performance and time lapsed to date of cessation (or that an equivalent cash payment be made). Retained awards will generally be subject to post-employment vesting, where the participant must continue to hold the relevant Performance Rights until the end of the performance period, and be subject to the performance conditions under the plan.

Dividends and voting rights

Plan participants granted restricted shares are entitled to dividends and voting rights. Participants holding time-restricted rights or performance rights are entitled to neither dividends nor voting rights.

Change of control

In the event of a change of control, unless the Board determines otherwise, the transfer restrictions imposed on the shares will be lifted, but only in so far as to permit the executive to participate in the change of control event. Any shares that do not participate in the change of control event will continue to be subject to restrictions until the end of the applicable restriction period.

Hedging

To ensure the variable components of the Group's remuneration structure remain 'at-risk', employees may not hedge against the risk inherent in arrangements such as the LTIP or any other equity-based incentive plans. Awards will be forfeited if the policy is breached.

3. PERFORMANCE AND REMUNERATION OUTCOMES

a) Overview of Company performance

EBITS growth and EBITS margin accretion, together with improved asset returns are underpinned by the Company's investment in its organisational talent, portfolio premiumisation, brand building investment, strategic customer and distributor partnerships and a cost conscious culture. F19 results demonstrate the benefits of this strategy delivering EBITS of $662.7 million, up 25% year on year and improved profitability with strong EBITS margin accretion and significantly enhanced ROCE.

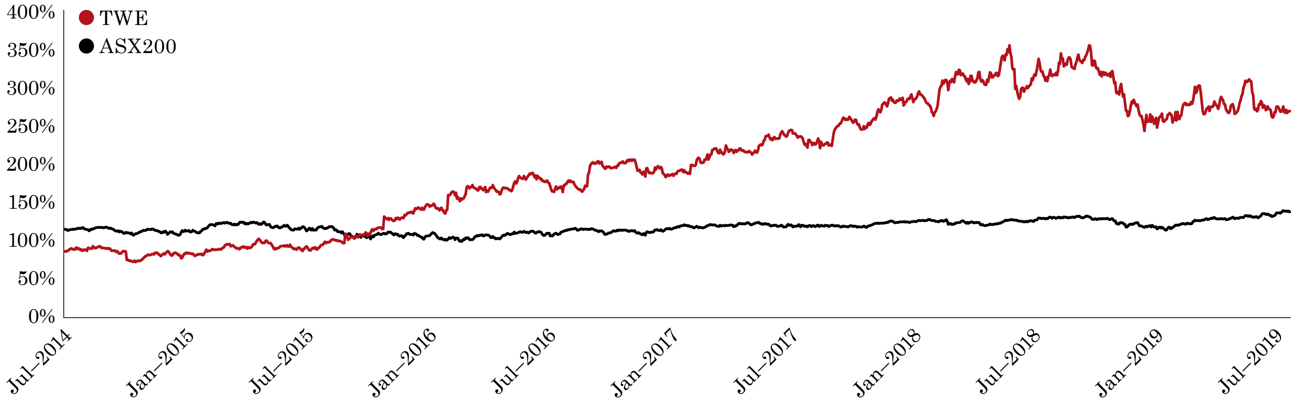
The table below summarises the Company's financial performance over the last five financial years.

Table 3.1: Overview of Company performance (reported)

FINANCIAL YEAR ENDED 30 JUNE	2015	2016	2017	2018	2019
EBITS performance (A$ million)	225.1	334.2	455.1	530.2	**662.7**
Earnings per share (cents) [1]	21.9	30.5	39.8	51.8	**60.4**
Dividends paid per share (cents)	13	16	25	28	**35** [2]
Franked (%)	0	0	0	63	**100**
Closing share price ($ at 30 June)	4.90	9.23	13.16	17.39	**14.92**
Return on capital employed (%)	6.8	9.3	11.6	12.6	**14.9**

1. Before material items, SGARA and tax consolidation benefit.
2. The 2019 dividend of 35 cents is comprised of the final dividend in F18 of 17 cents (100% franked) paid on 5 October 2018 and the interim F19 dividend of 18 cents (100% franked) paid on 5 April 2019. For the final F19 dividend see Note 6 of the Financial Statements.

The following graph shows movement in the Company share price against movement in the ASX200 over the last five years.



b) Fixed remuneration outcomes

Market benchmarking and salary reviews are conducted annually with any changes effective from 1 September.

In F19:

- The CEO, Mr Clarke, received an increase from $2,500,000 to $2,600,000 per annum, effective 1 September 2018, an increase of 4%.
- Mr Young was appointed Chief Financial Officer (CFO) on 1 May 2018 and his fixed remuneration was set at $700,000 effective 30 June 2018 to reflect the responsibilities of his new role. Mr Young did not receive a further increase in F19.
- Mr Foye was Chief Operating Officer (COO) until 18 January 2019. His fixed remuneration increased by 3.2% from US$825,000 to US$851,000 effective 1 September 2018. Mr Foye ceased employment with the Company on 18 January 2019.
- Mr Ford was appointed COO on 19 January 2019 and on 1 March 2019 his fixed remuneration was set at $800,000 to reflect the responsibilities of his new role.

c) Short-term incentive outcomes

Short-term incentives are assessed by achievement against each executive's Balanced Scorecard and specific personal objectives. Actual results for the Balanced Scorecard are provided below.

The F19 STIP scorecard is heavily weighted to financial metrics and the primary driver is EBITS. STIP outcomes for executives reflects the financial out-performance of the Company which was driven by premiumisation and strong global earning momentum. The Company's strong focus on cost, operational efficiency and ROCE resulted in stretch achievement on the related metrics in the STIP scorecards. This high level of performance is reflected in the STIP results and the level of payout for executives.

F19 STIP SCORECARD	CEO		CFO		COO[1]	
	WEIGHT	PAYMENT	WEIGHT	PAYMENT	WEIGHT	PAYMENT
Financial goals						
Global EBITS	40%	48%	40%	48%	40%	48%
Quality of Growth	15%	18%	20%	22%	15%	18%
Margin accretion	15%	18%	10%	12%	15%	18%
Strategic goals						
Cost and process optimisation	15%	18%	20%	10%	15%	18%
Growth through new revenue streams	15%	18%			15%	18%
Growth in Brand contribution			10%	11%		
Total	100%	120%	100%	103%	100%	120%

1. F19 scorecard reflects time in role as COO from 19 January 2019.

The table below sets out short-term incentive outcomes for each executive inclusive of the impact of individual performance multiplier outcomes. The cash component of F19 STIP awards will be paid in September 2019. The Restricted Equity will also be allocated in September 2019. Mr Foye did not receive a STIP award for F19.

Table 3.2: F19 STIP outcomes

EXECUTIVE[1]	FR[2] FOR STIP OPPORTUNITY ($)	STIP OPPORTUNITY AT TARGET (% OF FR) (%)	STIP OPPORTUNITY AT TARGET ($)	STIP AWARDED[4] ($)	TOTAL STIP AWARDED (% OF FR)[4] (%)	CASH ($)	RESTRICTED EQUITY ($)	TOTAL STIP OPPORTUNITY FORFEITED (% OF FR)[4] (%)
MA Clarke	2,600,000	100.0%	2,600,000	3,900,000	150%	2,600,000	1,300,000	0%
TM Ford[3]	346,027	66.5%	230,108	414,195	120%	276,130	138,065	0%
MJ Young	700,000	66.5%	465,500	605,150	86%	403,433	201,717	0%

1. Reports only executives who were KMP at 30 June 2019.
2. FR is salary as of 1 September 2018. Where changes have occurred after 1 September, FR is pro-rated based on calendar days in the financial year.
3. Mr Ford's FR for STIP opportunity and actual payment is pro-rated reflecting the period he was KMP from 19 January 2019. The total FR for STIP Opportunity was $733,425 and the total STIP awarded was $821,877 for the full F19 year.
4. Inclusive of balanced scorecard and individual performance multiplier outcomes.

d) Long-term incentive awards and outcomes

LTIP awarded during the year

Performance rights were allocated to executives under the F19 LTIP after the 2018 Annual General Meeting and are subject to a three-year performance period. Any vesting is subject to two hurdles (detailed on page 49). The performance rights have no exercise price and the minimum total value of the grant is zero. The maximum value is the number of awards granted multiplied by the share price at vesting.

Table 3.3: F19 LTIP performance rights

EXECUTIVE	GRANT DATE	VESTING DATE	NUMBER OF AWARDS GRANTED	FACE VALUE AT GRANT DATE ($)[1]	FAIR VALUE AT GRANT DATE ($)[2]
Current (as at 30 June 2019)					
MA Clarke	12 November 2018	30 June 2021	285,963	5,000,006	3,691,782
TM Ford[3]	12 November 2018	30 June 2021	61,669	1,078,270	796,147
MJ Young	12 November 2018	30 June 2021	60,468	1,057,271	780,642
Former					
RB Foye[4]	12 November 2018	30 June 2021	98,652	1,724,910	1,087,145

1. The value of LTIP awards granted to executives was the face value of the volume weighted average price (VWAP) of Company shares sold on the Australian Securities Exchange over the 90-day period up to and including 30 June 2018 ($17.4848 per share).
2 The fair value ($) in the table above is calculated using the valuation method detailed in note 21 of the Financial Statements.
3 The number of awards shown for Mr Ford represent the full F19 LTIP grant which were granted prior to him becoming KMP.
4 The F19 LTIP awards granted to Mr Foye, and all unvested awards granted under the F17 and F18 LTIP, were subsequently forfeited on cessation of employment.

LTIP vesting

The F17 LTIP vested at the end of the year. The vesting schedule for the F17 LTIP is provided below.

Relative TSR vesting schedule	**Relative TSR ranking**	**% of Performance Rights subject to Relative TSR measure which vest**	
	Below 50th percentile	0%	
	50th to 75th percentile	35–100%	
	At or above 75th percentile	100%	
ROCE baseline 9.3% (F16)	**% ROCE growth**	**ROCE result**	**% of Performance Rights subject to ROCE measure which vest**
	Less than 1.8%	Less than 11.1%	0%
	1.8% to 2.4%	11.1% to 11.7%	35–100%
	At or above 2.4%	At or above 11.7%	100%

Performance is measured over the three year period ended 30 June 2019. The Group's relative TSR performance was at the 80th percentile of the peer group and so 100% vesting for this metric was achieved. Return on Capital Employed (ROCE) growth for the performance period was 14.9% resulting in 100% vesting. The combined vesting outcome for the F17 LTIP plan was 100%.

The F17 LTIP vesting outcome by executive is provided overleaf.

Table 3.4: Vesting/lapsing of F17 LTIP

EXECUTIVE	NUMBER OF PERFORMANCE RIGHTS GRANTED[1]	VALUE AT GRANT[2] ($)	NUMBER OF RIGHTS VESTED	VALUE VESTED[3] ($)	NUMBER OF RIGHTS WHICH LAPSED[4]	VALUE LAPSED[3] ($)
Current (as at 30 June 2019)						
MA Clarke	452,205	4,400,000	452,205	6,746,899	0	0
TM Ford	59,973	583,543	59,973	894,797	0	0
MJ Young	13,975	135,978	13,975	208,507	0	0

1. Mr Ford and Mr Young's F17 LTIPs were awarded before they became KMP.
2. 'Value at grant' is calculated based on $9.7301 which was the volume weighted average price of Company shares sold on the ASX over the 90 day period up to and including 30 June 2016. This was the price used to calculate the number of performance rights granted under the F17 LTIP as previously disclosed by the Company.
3. The 'value vested' and 'value lapsed' are calculated based on the closing share price on the performance period end date of 30 June 2019, being $14.9200. The value for each executive largely reflects the $5.1899 share price differential between the unit value at grant, being $9.7301, and the share price at the end of the performance period of $14.9200.
4. The number of rights which lapsed as they did not vest.

e) General employee share plan (Share Cellar)

All executives are participants of the 2018 Share Cellar Plan. Share purchases occurred in September 2018, November 2018 and March 2019 with the relevant matching rights allocated to executives in F19. Subject to the executive continuing to meet the plan rules, these matching rights will convert to matching shares when the plan vests.

Table 3.5: Acquisitions in F19 for the 2018 Share Cellar Plan

EXECUTIVE	MECHANISM	ACQUISITION DATE	ACQUISITION PRICE ($)	NUMBER OF SHARES ACQUIRED	NUMBER OF RIGHTS ALLOCATED	VALUE OF RIGHTS ALLOCATED ($)[1]
Current (as at 30 June 2019)						
MA Clarke	Shares	3 September 2018	19.85	114	57	1,131
		2 November 2018	15.66	58	29	454
		6 March 2019	15.35	119	59	906
TM Ford[2]	Shares	6 March 2019	15.35	119	59	906
MJ Young	Shares	3 September 2018	19.85	68	34	675
		2 November 2018	15.66	35	17	266
		6 March 2019	15.35	71	36	553
Former						
RB Foye[3]	Shares	3 September 2018	19.85	113	56	1,112
		2 November 2018	15.66	61	31	485

1 The value of rights allocated at grant date is calculated based on the acquisition price.
2 Reflects participation since Mr Ford commenced as KMP on 19 January 2019. Mr Ford previously acquired 172 shares and was allocated 86 rights to the value of $1,585 in F19 but was not KMP at the time.
3 Ceased as KMP as at 18 January 2019. The matched rights for Mr Foye were forfeited upon cessation of employment.

During F19, the 2019 Share Cellar Plan was launched with deductions commencing in April 2019. Actual share acquisitions under the plan will be completed in F20, commencing September 2019.

Enrolment rates for the fourth year of Share Cellar were at an all-time high and the Company continues to have more than a third of all eligible employees participating in the Share Cellar Plan and investing their post-tax pay to become shareholders. All executives as at 30 June 2019 are enrolled in the 2019 Share Cellar Plan.

(f) Summary of awards held by executives

The table below sets out the number and movement of awards held by executives. Restricted Shares are generally issued under STIP Deferral (Restricted Equity). Performance Rights are issued under the LTIP. Deferred Share Rights are issued under the REP or represent the right to matching shares under the 2017 and 2018 Share Cellar Plans.

Table 3.6 Summary of awards held by executives

NAME		HELD AT THE START OF THE REPORTING PERIOD	GRANTED/ ACQUIRED DURING REPORTING PERIOD	RECEIVED UPON VESTING/ EXERCISING[1]	OTHER CHANGE[2]	HELD AT THE END OF THE REPORTING PERIOD
Current (as at 30 June 2019)						
MA Clarke[3]	Restricted Shares	114,763	68,494	(76,644)	–	106,613
	Performance Rights	1,626,247	285,963	(1,111,964)	–	800,246
	Deferred Share Rights	293	–	(135)	145	303
TM Ford[4]	Restricted Shares	18,115	–	–	–	18,115
	Performance Rights	174,239	–	(59,973)	–	114,266
	Deferred Share Rights	244	–	–	59	303
MJ Young	Restricted Shares	–	1,946	–	–	1,946
	Performance Rights	46,837	60,468	(29,110)	–	78,195
	Deferred Share Rights	92	–	(92)	87	87
Former						
RB Foye[5]	Restricted Shares	28,064	13,226	(17,522)	(23,768)	–
	Performance Rights	241,664	98,652	–	(340,316)	–
	Deferred Share Rights	–	–	–	–	–
Grand Total		**2,250,558**	**528,749**	**(1,295,440)**	**(363,793)**	**1,120,074**

1. Includes F16 LTIP exercised in F19, and F17 LTIP vested and auto-exercised in F19. Mr Clarke's amount includes 659,759 and 452,205 rights from the F16 and F17 LTIP respectively. Mr Young's amount includes 15,135 and 13,975 rights from the F16 and F17 LTIP respectively. Mr Ford's amount includes 59,973 rights from the F17 LTIP.
2. Represents balance adjustments for executives ceasing to be a member of KMP, grants made in relation to Share Cellar and any units forfeited in F19.
3. Mr Clarke's share sales during F19 included shares sold to cover his Australian taxation obligations.
4. Mr Ford's holding at the start of the period reflects his holding on 19 January 2019 when he became KMP.
5. Ceased as KMP as at 18 January 2019.

g) Remuneration of executives

The table below (Table 3.7) provides details of remuneration for the CEO and executives for F19, calculated in accordance with statutory accounting requirements. All amounts are in Australian dollars and relate only to the portion of the year in which the person occupied the KMP role.

Table 3.7: Remuneration of executives

			SHORT-TERM BENEFITS			
EXECUTIVE	YEAR	SALARY/ FEES[1]	LEAVE ACCRUAL[2]	NON-MONETARY BENEFITS[3]	TOTAL CASH INCENTIVE[4]	OTHER PAYMENTS[5]
Current (as at 30 June 2019)						
MA Clarke[9]	**F19**	**2,562,802**	**207,830**	**415,669**	**2,600,000**	**75,983**
	F18	2,429,951	182,638	606,779	2,500,000	161,188
TM Ford[10, 11]	**F19**	**338,602**	**52,613**	**5,550**	**276,130**	**–**
	F18	–	–	–	–	–
MJ Young[12]	**F19**	**679,469**	**(5,003)**	**8,120**	**403,433**	**–**
	F18	84,992	8,215	690	71,055	–
Former						
RB Foye[13, 14, 15, 16]	**F19**	**693,343**	**(32,166)**	**1,249,345**	**–**	**202,292**
	F18	1,014,365	34,630	728,684	482,754	4,259
Total	**F19**	**4,274,216**	**223,274**	**1,678,684**	**3,279,563**	**278,275**
	F18	3,529,308	225,483	1,336,153	3,053,809	165,447

1. Represents cash salary including any salary sacrificed items such as superannuation and novated motor vehicles.
2. Includes any net changes in the balance of annual leave and long service leave (i.e. leave entitlements that accrued during the year but were not used).
3. Includes the provision of car parking, insurances, product allocations, executive medical checks, the value of entertainment, taxation expenses, international relocation and expatriate costs and Fringe Benefits Tax on all benefits, where applicable.
4. Represents cash payments made under the F19 STIP, excluding the Restricted Equity portion which will be allocated in September 2019.
5. Includes allowances such as, but not limited to, relocation, car and repatriation.
6. Includes a proportion of the fair value of all outstanding LTIP offers at the start of the year, or which were offered during the year. Under Australian Accounting Standards, the fair value is determined as at the offer date and is apportioned on a straight-line basis across the expected vesting period after adjusting at each reporting date for an estimation of the number of shares that will ultimately vest.
7. Includes a proportion of the fair value of all Restricted Shares and Deferred Share Rights held under outstanding Restricted Equity Plans at the start of the year. F17 and F18 STIP Restricted Equity were outstanding at the end of F19. Restricted Equity granted under the F19 STIP is expected to be allocated in September 2019. Under Australian Accounting Standards, the fair value is determined as at the offer date and is apportioned on a straight-line basis across the expected vesting period after adjusting at each reporting date for an estimation of the number of shares that will ultimately vest.
8. Represents the sum of incentive and Performance Rights/Restricted Equity as a percentage of total remuneration, excluding termination payments. No termination payments were made to Executives during F19.
9. Mr Clarke's salary was adjusted on 1 September 2018 from AU$2,500,000 to AU$2,600,000.

	SHARE-BASED PAYMENTS				
SUPERANNUATION/ PENSION	TOTAL AMORTISATION VALUE OF LTIP[6]	OTHER EQUITY[7]	TOTAL	PERFORMANCE RELATED %[8]	TERMINATION BENEFITS
20,531	**4,327,981**	**1,176,249**	**11,387,045**	**71%**	–
20,049	4,267,867	958,119	11,126,591	69%	–
9,224	**251,954**	**78,173**	**1,012,246**	**60%**	–
–	–	–	–	0%	–
20,531	**236,217**	**21,536**	**1,364,303**	**48%**	–
3,341	19,178	111	187,582	48%	–
3,986	**(664,294)**	**(121,013)**	**1,331,493**	**(59%)**	–
13,065	1,138,828	255,702	3,672,287	51%	–
54,272	**4,151,858**	**1,154,945**	**15,095,087**		–
36,455	5,425,873	1,213,932	14,986,460		–

10. Amounts reported for Mr Ford for KMP period, from 19 January 2019 to 30 June 2019.
11. Mr Ford's salary was adjusted on 1 March 2019 from AU$700,000 to AU$800,000.
12. Amounts reported for Mr Young for F18 for KMP period, from 1 May 2018 to 30 June 2018.
13. Amounts reported for Mr Foye for KMP period, from 1 July 2018 to 18 January 2019. Mr Foye was remunerated in US dollars. Amounts reported are converted to Australian dollars at average A$:US$ exchange rate for July to December 2018 of 0.7245.
14. Mr Foye's remuneration mix was adjusted on 1 September 2018 from Fixed Remuneration of US$825,000 and benefits of US$150,000 to Fixed Remuneration of US$851,000 and long-term assignment benefits of US$150,000.
15. The Non-Monetary Benefits for Mr Foye for F19 includes $1,238,875 in tax equalisation benefits for F19 under the terms of his employment contract, and relate to the F16 LTIP and Restricted Equity from the F16 and F17 STIP, which vested prior to his termination.
16. The Other Payments for Mr Foye for F19 includes long-term assignment benefits for the period to 18 January 2019 which were paid as a taxable cash allowance. In prior years, these benefits were claimed via reimbursement and were categorised as Non-Monetary Benefits.

NON-EXECUTIVE DIRECTOR REMUNERATION

4. FRAMEWORK AND OUTCOMES

This section of the report refers to the following non-executive directors.

NAME	POSITION	DATES
Non-executive directors		
Current		
PA Rayner	Chairman	Full year
EYC Chan	Non-executive director	Full year
WL Every-Burns	Non-executive director	Full year
GA Hounsell	Non-executive director	Full year
LM Shanahan	Non-executive director	Full year
CE Jay	Non-executive director	Full year
L Cheang	Non-executive director	From 1 December 2018
Former		
MV Cheek	Non-executive director	Retired effective 18 October 2018

a) Fee pool

The current maximum aggregate fee pool of $2,500,000 per annum (inclusive of superannuation) was approved by shareholders at the 2016 Annual General Meeting.

b) Non-executive director fees

The level of non-executive directors' fees takes into account the risks and responsibilities of the role, the global reach and complexity of the business, director skills and experience, and market benchmark data (provided by independent external consultants).

Chairman and non-executive director fees increased during F19, effective 1 April 2019, for the fourth time since May 2011. The increases were informed by input from the Committee's independent remuneration advisor and awarded to remain competitive in the market, noting the increasing global operations, scale and complexity of the Group.

Table 4.1: F19 Non-executive director fees

	F19 FEES PER ANNUM 1 JULY 2018 – 31 MARCH 2019		F19 FEES PER ANNUM 1 APRIL 2019 – 30 JUNE 2019	
BOARD/COMMITTEE	CHAIRMAN FEE ($)	MEMBER FEE ($)	CHAIRMAN FEE ($)	MEMBER FEE ($)
Board base fee	515,000	187,250	530,000	193,000
Audit and Risk Committee	40,000	20,000	45,000	22,000
Human Resources Committee	40,000	20,000	41,200	20,600
Nominations Committee	10,000[1]	5,000	10,000[1]	5,000

The above fees are inclusive of superannuation.

1. The Chairman of the Board, Mr Rayner, is also the Chairman of the Nominations Committee. He does not receive any additional fees for this role.

In addition to the above fees, non-executive directors receive a wine allowance. In order to maintain independence, non-executive directors do not participate in the Company's incentive plans and they do not receive retirement benefits other than the superannuation contributions disclosed in this report. As previously reported, travel allowances ceased at the end of F18 and are no longer available to directors.

c) Non-executive director outcomes

Details of non-executive director remuneration for F19 and F18 are provided below.

Table 4.2: F19 Non-executive director remuneration

NON-EXECUTIVE DIRECTOR	YEAR	FEES ($)	NON-MONETARY BENEFITS[1] ($)	TRAVEL ALLOWANCE ($)	SUPER-ANNUATION ($)	TOTAL ($)
PA Rayner[2]	**FY19**	**498,219**	**14,088**	–	**20,531**	**532,838**
	FY18	479,951	12,234	–	20,049	512,234
EYC Chan	**FY19**	**204,858**	**4,000**	–	**4,329**	**213,187**
	FY18	193,251	4,000	10,000	5,228	212,479
L Cheang[3]	**FY19**	**106,589**	**2,000**	–	**3,369**	**111,958**
	FY18	–	–	–	–	–
WL Every-Burns[2]	**FY19**	**213,742**	**6,660**	–	**20,245**	**240,647**
	FY18	207,160	13,830	–	19,653	240,643
GA Hounsell[2]	**FY19**	**228,591**	**6,660**	–	**20,436**	**255,687**
	FY18	207,160	6,660	–	19,653	233,473
CE Jay	**FY19**	**209,188**	**4,000**	–	–	**213,188**
	FY18	51,813	1,000	–	–	52,813
LM Shanahan	**FY19**	**208,838**	**4,000**	–	–	**212,838**
	FY18	201,813	4,000	20,000	–	225,813
Former						
MV Cheek[4]	**FY19**	**62,763**	**2,000**	–	–	**64,763**
	FY18	201,851	4,000	20,000	–	225,851
Total	**FY19**	**1,732,788**	**43,409**	–	**68,910**	**1,845,107**
	FY18	1,542,999	45,724	50,000	64,583	1,703,306

1. Includes product allocations, entertainment and Fringe Benefits Tax, where applicable. The amounts for Mr Rayner include car parking.
2. Fringe Benefits Tax was incorrectly omitted in the F18 Remuneration Report for Mr Rayner, Mr Every-Burns and Mr Hounsell.
3. Ms Cheang commenced as non-executive director from 1 December 2018.
4. Mr Cheek ceased as non-executive director on 18 October 2018.

OTHER REMUNERATION INFORMATION

5. GOVERNANCE

a) Role of the Human Resources Committee (HRC)

The HRC provides assistance to the Board in relation to such matters as monitoring remuneration principles and frameworks, providing advice on remuneration matters, making remuneration recommendations for executives, approving incentive plans, and reviewing and governing remuneration policies. In addition to its remuneration responsibilities and together with the Board, the HRC's duties include overseeing talent management, diversity and leadership development.

The Committee ensures that the Company's policies and frameworks aid the achievement of the Group's strategic objectives, provide appropriate governance, are aligned with market practice, and fulfil the Board's responsibility to shareholders. During the year the Audit and Risk Committee Chair attended all HRC meetings as a Committee member. Also, the HRC Chair typically attends the Audit and Risk Committee meetings, providing a link between both Committees to assist with oversight of non-financial risk.

As outlined in Section 4 of the Corporate Governance Statement disclosed on the Company's website www.tweglobal.com, the Group has procedures in place for the reporting of any matter that may give rise to a conflict between the interests of a director and those of the Group. In addition, the Group has adopted a general policy for employees in relation to the disclosure and management of potential conflicts of interest (see Section 4 of the Corporate Governance Statement on www.tweglobal.com).

b) Engagement of remuneration advisors

In F19, the Board and HRC engaged PwC as an independent advisor to the HRC. Potential conflicts of interest are considered by the HRC, and the Board and HRC are satisfied that the advice provided by PwC was free from undue influence. Any advice provided by remuneration consultants is used as a guide only and is not a substitute for detailed consideration of all relevant issues by the HRC. No remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were provided.

c) Executive and non-executive director share ownership

Executives and non-executive directors are encouraged to have control over ordinary shares in the Company, and executives and non-executive directors are required to hold at least the equivalent of one year's fixed remuneration or base fees. From F20, the CEO has volunteered to have control over ordinary shares equivalent to two year's fixed remuneration. This is the new guideline for the CEO, which has already been met and exceeded at the date of this report. The guidelines are expected to be met over a reasonable period of time (approximately five years). The Group's variable incentive programs contribute towards executives meeting this guideline. The Director Share Acquisition Plan (DSAP) allows directors to apply after-tax fees to the acquisition of the Company's shares on a periodic basis at the prevailing market rate. The table below sets out KMP shareholdings.

Table 5.1: KMP shareholdings

F19	BALANCE AT START OF THE YEAR[1]	RECEIVED UPON VESTING/ EXERCISE[2]	OTHER CHANGES DURING THE YEAR[3]	BALANCE AT END OF YEAR
Executive				
Current (as at 30 June 2019)				
MA Clarke[4]	1,159,311	528,984	(799,709)	888,586
TM Ford[5]	52,686	59,973	(29,881)	82,778
MJ Young	16,475	14,067	(13,569)	16,973
Former				
RB Foye[6]	239,305	17,522	(256,827)	–
Executive total	**1,467,777**	**620,546**	**(1,099,986)**	**988,337**

Table 5.1: KMP shareholdings (continued)

F19	BALANCE AT START OF THE YEAR	ACQUIRED DURING THE YEAR AS PART OF DSAP[7]	OTHER CHANGES DURING THE YEAR[8]	BALANCE AT END OF YEAR
Non-executive directors				
Current (as at 30 June 2019)				
PA Rayner	250,034	–	30,200	280,234
EYC Chan	45,869	2,411	–	48,280
L Cheang[9]	–	–	–	–
WL Every-Burns	100,000	–	–	100,000
GA Hounsell	68,500	–	15,000	83,500
CE Jay	–	2,862	–	2,862
LM Shanahan	8,543	–	3,016	11,559
Former				
MV Cheek[10]	60,061	840	(60,901)	–
Non-executive director total	**533,007**	**6,113**	**(12,685)**	**526,435**

1. Includes shares acquired upon exercise of F16 LTIP awards. MA Clarke's balance includes the 659,759 exercisable Rights at the end of the F18 reporting period. MJ Young's balance includes the 15,135 exercisable Rights at the end of the F18 reporting period.
2. Includes shares acquired upon auto-exercise of F17 LTIP awards.
3. Includes the purchase/sale of ordinary shares during F19 and balance adjustments for executives ceasing to be a member of KMP.
4. Mr Clarke's share sales during F19 included shares sold to cover his Australian taxation obligations.
5. Mr Ford's holding at the start of the period reflects his holding on 19 January 2019 when he became KMP.
6. Mr Foye's other changes includes 80,157 shares sold to cover tax liabilities, personal sale of 112,165 shares whilst KMP and 174 shares purchased under the Share Cellar Plan and balance adjustments for when he ceased to be a KMP.
7. Shares acquired by directors using post-tax fees in TWE's Director Share Acquisition Plan (DSAP).
8. Includes the purchase/sale of ordinary shares during F19.
9. Ms Cheang has been granted an exemption from TWE's minimum shareholding requirement due to the extensive regulatory processes for securities trading that apply in relation to her role as Vice Chairman and Chief Executive of Hang Seng Bank Limited and Group General Manager of HSBC Holdings plc.
10. Ceased as non-executive director as at 18 October 2018. Zero balance at the end of year represents cessation as KMP, not the sale of shares.

6. FURTHER INFORMATION

a) Executive contracts

There is no fixed term for executive contracts. The Company may terminate service agreements immediately for cause, in which case the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date. On resignation all executives are required to give six months' notice. If the termination is Company initiated without cause, all executives have termination provisions of six months' notice by the Company plus six months' severance pay.

b) Other transactions with KMP and their personally related entities

The Group entered into transactions which are insignificant in amount with KMP and their related parties within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available in similar arm's length dealings which include payments of salaries and benefits and purchase of Group products.

Some directors of the Company are also directors of public companies which have transactions with the Group. The relevant directors do not believe they have the individual capacity to control or significantly influence the financial policies of those companies. The companies are therefore not considered to be related parties for the purpose of the disclosure requirements of the *Corporations Act 2001*.

c) Prior years' equity arrangements

This section summarises all outstanding equity arrangements for executives, as reported in previous Remuneration Reports.

The below equity plans have no exercise price and the minimum total value of the grant is zero. The maximum value is the number of awards granted multiplied by the share price at vesting.

Table 6.1: Prior years' restricted equity[1]

EXECUTIVE	PLAN	INSTRUMENT TYPE	ALLOCATION DATE	NUMBER	FACE VALUE AT ALLOCATION DATE[2,3,4] ($)	FAIR VALUE AT ALLOCATION DATE[5] ($)	VESTING DATE
MA Clarke	F17 STIP (tranche 2)	Restricted Shares	12 September 2017	38,119	550,000	550,000	11 September 2019
	F18 STIP (tranche 1)	Restricted Shares	14 September 2018	34,247	624,997	624,997	11 September 2019
	F18 STIP (tranche 2)	Restricted Shares	14 September 2018	34,247	624,997	624,997	11 September 2020
	F18 LTIP	Performance Rights	13 November 2017	514,283	6,599,999	6,690,822	30 June 2020
	2017 Share Cellar	Matched Rights	1 September 2017	78	1,132	1,132	16 August 2019
	2017 Share Cellar	Matched Rights	1 November 2017	29	453	453	16 August 2019
	2017 Share Cellar	Matched Rights	26 February 2018	51	904	904	16 August 2019
TM Ford	F17 STIP (tranche 2)	Restricted Shares	12 September 2017	6,222	89,774	89,774	11 September 2019
	F18 STIP (tranche 1)	Restricted Shares	14 September 2018	5,946	108,513	108,513	11 September 2019
	F18 STIP (tranche 2)	Restricted Shares	14 September 2018	5,947	108,531	108,531	11 September 2020
	F18 LTIP	Performance Rights	13 November 2017	52,597	674,998	684,287	30 June 2020
	2017 Share Cellar	Matched Rights	1 September 2017	78	1,132	1,132	16 August 2019
	2017 Share Cellar	Matched Rights	1 November 2017	29	453	453	16 August 2019
	2017 Share Cellar	Matched Rights	26 February 2018	51	904	904	16 August 2019
MJ Young[6]	F18 LTIP	Performance Rights	13 November 2017	17,727	227,498	230,628	30 June 2020
	F18 STIP (tranche 1)	Restricted Shares	14 September 2018	973	17,757	17,757	11 September 2019
	F18 STIP (tranche 2)	Restricted Shares	14 September 2018	973	17,757	17,757	11 September 2020

1. Reports only executives who were KMP at 30 June 2019.
2. The value of STIP Deferral at allocation date is calculated on the five-day VWAP up to and including the allocation date. The F17 and F18 STIP allocation price was $14.4285 and $18.2497 respectively.
3. The value of F18 LTIP awards at allocation date is calculated based on the ninety-day VWAP up to and including 30 June 2017 ($12.8334 per share). The vesting schedule is provided in Table 6.2.
4. The value of matched rights is calculated based on the purchase price of the 2017 Share Cellar shares at each purchase date.
5. This LTIP value is calculated using the valuation method detailed in Note 21 of the Financial Statements. All other plans are based on face value.
6. MJ Young was not a participant in the 2017 Share Cellar Plan.

Table 6.2: F18 LTIP vesting schedules

Relative TSR vesting schedule	**Relative TSR ranking**		**% of Performance Rights subject to Relative TSR measure which vest**
	Below 50th percentile		0%
	50th to 60th percentile		35–70%
	60th to 75th percentile		70–100%
	At or above 75th percentile		100%
ROCE baseline 11.6% (F17)	**% ROCE growth**	**ROCE result**	**% of Performance Rights subject to ROCE measure which vest**
	Less than 2.1%	Less than 13.7%	0%
	2.1% to 2.8%	13.7% to 14.4%	35–100%
	At or above 2.8%	At or above 14.4%	100%

(d) Definitions

TERM	DEFINITION
Constant currency	An exchange rate that eliminates the effects of exchange rate fluctuations year-on-year.
Earnings per Share (EPS)	NPAT excluding SGARA and material items, divided by the weighted average number of shares. Adjusted EPS is used to calculate performance outcomes, meaning that the Board retains the discretion to adjust EPS to ensure that participants are not penalised or provided with a windfall gain arising from matters outside of management's control.
EBITS	Earnings before interest, tax, SGARA and material items.
Key management personnel (KMP)	Those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise), as listed in the introduction to the Remuneration Report.
Phantom Shares	Units which provide the participant with a right to receive a cash payment at the vesting date, whereby the payment is tied to the market value of an equivalent number of TWE shares. The amount of the payout will increase as the share price rises, and decrease if the share price falls, but without the participant actually receiving any TWE shares.
Relative Total Shareholder Return (TSR)	The return on investment of a company relative to a peer group of companies.
Restricted Equity	Rights or shares granted by TWE that vest upon the satisfaction of certain conditions, such as continued employment for a period of time or the achievement of particular performance milestones. The plan participant cannot deal in the equity until it vests and the restriction is lifted.
Return on Capital Employed (ROCE)	EBITS divided by Capital Employed (at constant currency). Capital Employed is the sum of average net assets (adjusted for SGARA impact) and average net debt.
SGARA	Self-generating and regenerating assets. The adjustment to self-generating and regenerating assets (SGARA) is excluded to reflect the fair value adjustment each financial year which is largely due to environmental conditions not within the Group's control.
Total Shareholder Return (TSR)	Total return on investment of a security, taking into account both capital appreciation and distributed income that was reinvested.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $M	2018 $M
Revenue	3	**2,883.0**	2,496.4
Cost of sales		**(1,660.8)**	(1,435.6)
Gross profit		**1,222.2**	1,060.8
Selling expenses		**(328.3)**	(286.6)
Marketing expenses		**(118.3)**	(110.8)
Administration expenses		**(117.9)**	(113.0)
Other expenses		**(14.7)**	(41.5)
Profit before tax and finance costs		**643.0**	508.9
Finance income		**47.4**	28.2
Finance costs		**(99.4)**	(61.6)
Net finance costs		**(52.0)**	(33.4)
Profit before tax		**591.0**	475.5
Income tax expense	22	**(171.5)**	(115.1)
Net profit		**419.5**	360.4
Net profit attributable to non-controlling interests		**–**	(0.1)
Net profit attributable to members of Treasury Wine Estates Limited		**419.5**	360.3
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		**(15.0)**	–
Tax on cash flow hedges		**4.4**	–
Exchange gain/(loss) on translation of foreign operations		**69.2**	59.4
Other comprehensive income for the year, net of tax		**58.6**	59.4
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited		**478.1**	419.7
Non-controlling interests		**–**	0.1
Total comprehensive income for the year		**478.1**	419.8

		CENTS PER SHARE	CENTS PER SHARE
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic	7	**58.4**	49.7
Diluted	7	**58.1**	49.3

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	NOTE	2019 $M	2018 $M
Current assets			
Cash and cash equivalents	9	**401.8**	89.4
Receivables	9	**661.3**	593.0
Inventories	9	**1,024.0**	1,012.3
Assets held for sale	13	**78.3**	45.2
Other current assets		**3.2**	1.9
Total current assets		**2,168.6**	1,741.8
Non-current assets			
Inventories	9	**1,068.9**	952.1
Property, plant and equipment	10	**1,398.7**	1,416.5
Agricultural assets	11	**29.4**	41.3
Intangible assets	12	**1,163.8**	1,128.9
Deferred tax assets	22	**152.3**	154.5
Other non-current assets		**18.5**	10.6
Total non-current assets		**3,831.6**	3,703.9
Total assets		**6,000.2**	5,445.7
Current liabilities			
Trade and other payables	9	**724.7**	702.9
Current tax liabilities		**95.4**	54.5
Provisions	15	**45.8**	45.4
Other current liabilities		**19.1**	6.6
Total current liabilities		**885.0**	809.4
Non-current liabilities			
Trade and other payables	9	**56.0**	56.4
Borrowings	17	**1,147.7**	875.3
Deferred tax liabilities	22	**194.1**	190.8
Other non-current liabilities		**11.3**	17.5
Total non-current liabilities		**1,409.1**	1,140.0
Total liabilities		**2,294.1**	1,949.4
Net assets		**3,706.1**	3,496.3
Equity			
Contributed equity	18	**3,243.8**	3,235.4
Reserves	20	**33.8**	0.4
Retained earnings		**424.4**	256.2
Total parent entity interest		**3,702.0**	3,492.0
Non-controlling interests		**4.1**	4.3
Total equity		**3,706.1**	3,496.3

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	CONTRIBUTED EQUITY $M	RETAINED EARNINGS $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	OTHER RESERVES $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 30 June 2017	**3,528.6**	**99.6**	**(51.8)**	**27.9**	**3,604.3**	**4.2**	**3,608.5**
Profit for the year	–	360.3	–	–	360.3	0.1	360.4
Total other comprehensive income	–	–	59.4	–	59.4	–	59.4
Total comprehensive income for the year	**–**	**360.3**	**59.4**	**–**	**419.7**	**0.1**	**419.8**
Transactions with owners in their capacity as owners directly in equity							
Share based payment expense	–	–	–	18.0	18.0	–	18.0
Shares bought back and cancelled	(300.0)	–	–	–	(300.0)	–	(300.0)
Vested deferred shares and share rights	6.8	–	–	(53.1)	(46.3)	–	(46.3)
Dividends to owners of the Company	–	(203.7)	–	–	(203.7)	–	(203.7)
Balance at 30 June 2018	**3,235.4**	**256.2**	**7.6**	**(7.2)**	**3,492.0**	**4.3**	**3,496.3**
Profit for the year	–	419.5	–	–	419.5	–	419.5
Total other comprehensive income	–	–	69.2	(10.6)	58.6	–	58.6
Total comprehensive income for the year	**–**	**419.5**	**69.2**	**(10.6)**	**478.1**	**–**	**478.1**
Transactions with owners in their capacity as owners directly in equity							
Share based payment expense	–	–	–	18.9	18.9	–	18.9
Vested deferred shares and share rights	1.6	–	–	(44.1)	(42.5)	–	(42.5)
Dividends to owners of the Company	6.8	(251.3)	–	–	(244.5)	(0.2)	(244.7)
Balance at 30 June 2019	**3,243.8**	**424.4**	**76.8**	**(43.0)**	**3,702.0**	**4.1**	**3,706.1**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $M INFLOWS/ (OUTFLOWS)	2018 $M INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Receipts from customers		**3,689.2**	3,263.3
Payments to suppliers, governments and employees		**(3,110.0)**	(2,845.3)
Borrowing costs paid		**(7.3)**	(2.6)
Income taxes paid		**(112.5)**	(93.7)
Interest paid		**(43.8)**	(26.7)
Net cash flows from operating activities	8	**415.6**	295.0
Cash flows from investing activities			
Payments for property, plant, and equipment		**(132.0)**	(193.6)
Payments for intangible assets		**(27.8)**	(21.8)
Payments for subsidiaries, investments and other assets		**(0.9)**	–
Proceeds from sale of property, plant and equipment		**102.5**	50.6
Net cash flows used in investing activities		**(58.2)**	(164.8)
Cash flows from financing activities			
Shares bought back and cancelled		–	(300.0)
Dividend payments		**(244.7)**	(203.7)
Proceeds from borrowings		**707.6**	482.0
Repayment of borrowings		**(492.2)**	(215.3)
Purchase of shares – employee equity plans		**(16.6)**	(42.9)
Net cash flows used in financing activities		**(45.9)**	(279.9)
Total cash flows from activities		**311.5**	(149.7)
Cash and cash equivalents at the beginning of the year		**89.4**	240.8
Effects of exchange rate changes on foreign currency cash flows and cash balances		**0.9**	(1.7)
Cash and cash equivalents at end of the year	9	**401.8**	89.4

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: ABOUT THIS REPORT

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1 – ABOUT THIS REPORT

Treasury Wine Estates Limited ('the Company') is a for profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX). The consolidated financial statements comprise the Company and its controlled entities (collectively, 'the Group').

The accounting policies that are critical to understanding the financial statements as a whole are set out in this section. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. Further policies, including the impact of upcoming changes to accounting standards, are set out in note 31.

Basis of preparation

The financial report is a general purpose financial report which:

- Has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Has been prepared on a historical cost basis, except for derivative financial instruments, agricultural produce and assets and liabilities acquired in a business combination which have been measured at fair value; and
- Is presented in Australian dollars with all values rounded to the nearest tenth of one million dollars unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.*

Statement of compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Notes to the financial statements

The notes include additional information required to understand the financial statements that is material and relevant to the operations, financial position and performance of the Group.

Information is considered material and relevant if the amount in question is significant because of its size, nature or incidence or it helps to explain the impact of significant changes in the business, for example, acquisitions and asset write-downs.

Line items labelled 'other' on the face of the consolidated statements comprise miscellaneous income, expenses, assets, liabilities or cash flows which individually or in aggregate are not considered material to warrant additional disclosures.

Where applicable, comparative periods have been adjusted to disclose comparatives on the same basis as the current year.

The notes are organised into the following sections:

Earnings: focuses on the financial results and performance of the Group. It provides disclosures relating to income, expenses, segment information, material items and earnings per share.

Working capital: shows the assets and liabilities generated through trading activity. It provides information regarding working capital management and analysis of the elements of working capital.

Operating assets and liabilities: provides information regarding the physical assets and non-physical assets used by the Group to generate revenues and profits (including associated liabilities). This section also explains the accounting policies applied and specific judgements and estimates made by management in arriving at the value of these assets and operating liabilities.

Capital structure: provides information about the capital management practices adopted by the Group – particularly how much capital is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the activities of the Group both now and in the future.

Taxation: sets out the Group's tax accounting policies, the current and deferred tax charges, a reconciliation of profit or loss before tax to the tax charge or credit and the movements in deferred tax assets and liabilities.

Risk: discusses the Group's exposure to various financial risks, explains how these affect the financial position of the Group and what is done to manage these risks.

Group composition: explains aspects of the Group's structure and business acquisitions.

Other: other required disclosures under Australian Accounting Standards and IFRS.

Key estimates and judgements

In preparing this financial report, the Group is required to make estimates, judgements and assumptions that affect the reported amounts in the financial statements.

These estimates, judgements and assumptions are continually evaluated, and are often based on historical experience and assessed to be reasonable under the circumstances at the relevant time. Actual results may differ from these estimates under different assumptions and conditions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements:

Note 3:	Revenue
Note 9:	Working capital
Note 11:	Agricultural assets
Note 12:	Intangible assets
Note 14:	Impairment of non-financial assets
Note 22:	Income tax

Principles of consolidation

The consolidated financial statements include the assets and liabilities of Treasury Wine Estates Limited and its controlled entities as a whole at year-end and the consolidated results and cash flows for the year. A list of controlled entities (subsidiaries) is provided in note 26.

An entity is regarded as a controlled entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

NOTE 1 – ABOUT THIS REPORT (CONTINUED)

The rights of other investors to the results and equity of the subsidiaries (called non-controlling interests) are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

The financial information of the subsidiaries is prepared for the same reporting period as the parent, using consistent accounting policies. Intra-group balances and transactions arising from intra-group transactions are eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The major functional currencies used throughout the Group include Australian Dollar (AUD), United States Dollar (USD) and Great British Pound (GBP). Other currencies used include the Canadian Dollar, Euro, New Zealand Dollar, Singapore Dollar, Swedish Krona, Norwegian Krone, Chinese Renminbi and South African Rand.

Foreign group companies

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance sheet date and the income statement is translated at the average exchange rates for the period. The exchange differences arising on the translation are recognised in the foreign currency translation reserve within equity.

When a foreign operation is sold, the cumulative exchange difference in equity for this operation is recognised in the consolidated statement of profit or loss and other comprehensive income as part of the gain and loss on sale.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency of the relevant entity at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are subsequently translated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising are recognised in the consolidated statement of profit and loss and other comprehensive income, except for gains or losses arising on assets or liabilities that qualify for hedge accounting, discussed further in note 23. Tax charges and credits attributable to these exchange differences are also recognised in equity.

Average exchange rates used in translating profit and loss items in F19 are:

A$1 = US$ 0.715 (F18: US$ 0.775)
A$1 = GB£ 0.553 (F18: GB£ 0.576)

Year-end exchange rates used in translating financial position items in F19 are:

A$1 = US$ 0.701 (F18: US$ 0.735)
A$1 = GB£ 0.553 (F18: GB£ 0.562)

Fair value measurement

The Group measures certain financial instruments, including derivatives, and certain non-financial assets such as agricultural assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. It is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial item assumes it is put to its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Accounting standards prescribe a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (i.e. as prices) or indirectly (i.e. derived by prices) observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Subsequent events

Since the end of the financial year, the Directors declared a final 100% franked dividend of 20.0 cents per share. This dividend has not been recognised as a liability in the consolidated financial statements at 30 June 2019.

On 27 July 2019 the Group acquired production and vineyard assets in the Bordeaux region of France which will allow the Group to expand its French country-of-origin portfolio, centred on the Penfolds, Beaulieu Vineyard and Maison de Grande Esprit brands.

On 15 August 2019 the Group announced an expansion of Luxury winemaking assets in Australia with a significant investment in the Bilyara winery site in South Australia. This project will support the continued growth of the Australian Luxury portfolio and will increase wine making capacity, drive production efficiency and increase wine storage facilities. The investment includes an additional production line, processing infrastructure and the construction of additional barrel storage facilities, increasing production and storage capacity. Total capital investment is expected to be between $150 million and $180 million and will be incurred over the course of F20 and F21. In addition, one-off costs of approximately $35 million are expected to be incurred in F20.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: EARNINGS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2 – SEGMENT INFORMATION

The Group's segments

The Group reports segment information on the same basis as its internal management reporting structure and consistent with the information used to organise and manage the Group.

The reportable segments are based on the aggregation of operating segments determined by the similarity of the nature of products, the production process, the types of customers and the methods used to distribute the products.

The identified reportable segments in the Group are below:

(i) Australia and New Zealand (ANZ)
This segment is responsible for the manufacture, sale and marketing of wine within Australia and New Zealand. The segment also distributed beer and cider under licence in New Zealand until August 2017.

(ii) Americas
This segment is responsible for the manufacture, sale and marketing of wine within North America and Latin America.

(iii) Asia
This segment is responsible for the sale and marketing of wine within Asia (including the Middle East and Africa).

(iv) Europe
This segment is responsible for the manufacture, sale and marketing of wine within Europe.

Presentation of segment results

Management EBITS

The principal profit metric for internal management reporting is Management earnings before interest, tax, SGARA and material items (EBITS). Corporate charges are allocated to each segment on a proportionate basis linked to segment revenue, head count or other appropriate driver depending on the nature of the charge.

Segment accounting policies

Segment assets and liabilities

Segment assets and liabilities represent those working capital and non-current assets and liabilities which are located in the respective segments. Cash is not considered to be a segment asset as it is managed by the Group's centralised treasury function. Consistent with the use of EBITS for measuring profit, tax assets and liabilities, which do not contribute towards EBITS, are not allocated to operating segments.

Intersegment transactions

The price of an intersegment transaction is set at an arm's length basis. Whilst these transactions are eliminated on consolidation, they are shown within the segment revenue and EBITS to properly reflect the segment of origin performance, including production.

Corporate charges

Unallocated corporate charges are reported in the Corporate/unallocated segment. Net finance costs are not allocated to segments as the Group's financing function is centralised through its treasury function.

Segment loans payable and loans receivable

Segment loans are initially recognised at the amount transferred. Intersegment loans receivable and payable that earn or incur non-market interest are adjusted to fair value based on market interest rates.

Other

If items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are not allocated to segments either.

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

2019	ANZ $M	AMERICAS $M	ASIA $M	EUROPE $M	INTERSEGMENT ELIMINATION $M	TOTAL SEGMENT $M	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
Total revenue comprises:								
Net sales revenue	602.3	1,134.4	748.9	346.0	–	2,831.6	–	2,831.6
Other revenue	32.7	15.3	1.1	2.1	–	51.2	0.2	51.4
Intersegment revenue	347.5	45.8	0.3	35.5	(429.1)	–	–	–
Total segment revenue (excl other income/interest)	**982.5**	**1,195.5**	**750.3**	**383.6**	**(429.1)**	**2,882.8**	**0.2**	**2,883.0**
Management EBITS	**156.5**	**218.7**	**293.5**	**51.4**	**–**	**720.1**	**(57.4)**	**662.7**
SGARA gain/(loss)	(9.8)	(10.2)	–	0.3	–	(19.7)	–	(19.7)
Material items	–	–	–	–	–	–	–	–
Management EBIT	**146.7**	**208.5**	**293.5**	**51.7**	**–**	**700.4**	**(57.4)**	**643.0**
Net finance costs								(52.0)
Consolidated profit before tax								**591.0**
Depreciation of property, plant and equipment	**(38.4)**	**(44.6)**	**(0.9)**	**(1.8)**	**–**	**(85.7)**	**(3.5)**	**(89.2)**
Amortisation of intangible assets	**(0.6)**	**(2.4)**	**–**	**(0.9)**	**–**	**(3.9)**	**(9.9)**	**(13.8)**
Assets held for sale	**–**	**78.3**	**–**	**–**	**–**	**78.3**	**–**	**78.3**
Capital expenditure	**63.5**	**50.7**	**2.1**	**0.9**	**–**	**117.2**	**35.2**	**152.4**
Segment assets (excl intersegment assets)	**2,286.2**	**2,487.6**	**228.3**	**357.5**	**–**	**5,359.6**	**640.6**	**6,000.2**
Segment liabilities (excl intersegment liabilities)	**(273.1)**	**(421.7)**	**(51.8)**	**(92.8)**	**–**	**(839.4)**	**(1,454.7)**	**(2,294.1)**

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

2018	ANZ $M	AMERICAS $M	ASIA $M	EUROPE $M	INTERSEGMENT ELIMINATION $M	TOTAL SEGMENT $M	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
Total revenue comprises:								
Net sales revenue	598.7	961.8	547.6	320.9	–	2,429.0	–	2,429.0
Other revenue	57.0	7.2	–	0.9	–	65.1	2.3	67.4
Intersegment revenue	299.3	50.2	0.3	37.5	(387.3)	–	–	–
Total segment revenue (excl other income/interest)	955.0	1,019.2	547.9	359.3	(387.3)	2,494.1	2.3	2,496.4
Management EBITS	136.1	193.0	205.2	49.5	–	583.8	(53.6)	530.2
SGARA gain/(loss)	7.5	(21.6)	–	(1.0)	–	(15.1)	–	(15.1)
Material items	–	(3.1)	–	(3.1)	–	(6.2)	–	(6.2)
Management EBIT	143.6	168.3	205.2	45.4	–	562.5	(53.6)	508.9
Net finance costs								(33.4)
Consolidated profit before tax								475.5
Depreciation of property, plant and equipment	(38.6)	(41.1)	(0.5)	(2.0)	–	(82.2)	(3.5)	(85.7)
Amortisation of intangible assets	(1.0)	(0.8)	–	(0.1)	–	(1.9)	(9.9)	(11.8)
Assets held for sale	29.1	16.1	–	–	–	45.2	–	45.2
Capital expenditure	107.6	97.2	1.7	1.9	–	208.4	12.4	220.8
Segment assets (excl intersegment assets)	2,212.6	2,362.9	192.6	329.6	–	5,097.7	348.0	5,445.7
Segment liabilities (excl intersegment liabilities)	(269.3)	(401.1)	(57.9)	(87.5)	–	(815.8)	(1,133.6)	(1,949.4)

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

Geographical segments

The presentation of geographical net sales revenue is based on the location of the selling entity.

	NET SALES REVENUE	
	2019 $M	2018 $M
Australia	**1,295.7**	1,053.4
United States of America	**1,147.3**	990.1
United Kingdom	**298.1**	279.5
Other geographical locations[1]	**90.5**	106.0
Total	**2,831.6**	2,429.0

1. Other than Australia, United States of America and the United Kingdom, sales in other countries are individually less than 10% of the Group's net sales revenue.

The presentation of non-current assets is based on the geographical location of the assets.

	NON-CURRENT ASSETS	
	2019 $M	2018 $M
Australia	**1,629.0**	1,567.0
United States of America	**1,776.8**	1,716.6
United Kingdom	**151.4**	137.9
Other geographical locations	**109.4**	121.7
Total geographical non-current assets	**3,666.6**	3,543.2
Other non-current assets[2]	**165.0**	160.7
Consolidated non-current assets	**3,831.6**	3,703.9

2. Other non-current assets include financial derivative assets and deferred tax assets.

NOTE 3 – REVENUE

	2019 $M	2018 $M
Revenue		
Net sales revenue[1]	**2,831.6**	2,429.0
Other revenue	**51.4**	67.4
Total revenue	**2,883.0**	2,496.4

1. Net sales revenue is net of trade discounts and volume rebates.

On 1 July 2018 the Group adopted AASB 15 *Revenue from Contracts with Customers* utilising the cumulative effect method. Under this method, the comparative information is not restated. The standard did not have a significant impact on the consolidated financial statements.

Net sales revenue – types of products

The Group generates revenue through the sale of branded wines, principally as a finished, bottled product. The Group's wine portfolio includes some of the world's leading Luxury, Masstige and Commercial wine brands such as Penfolds, Beringer, Lindeman's, Wolf Blass, 19 Crimes, Chateau St Jean, Beaulieu Vineyard and Sterling Vineyards.

The Group distributes wine to a range of customers across the world, with routes to market tailored by country. Depending on the geography, wine is sold to distributors (who tend to be exclusive and stock a whole portfolio), wholesalers (who choose which brands they would like to order from the portfolio), direct to national retail chains, independent retailers and on premise outlets. The Group also has some sales direct to the consumer.

NOTE 3 – REVENUE (CONTINUED)

Other revenue – types of services

The Group also provides contract bottling services to third parties. Until August 2017, the Group also distributed beer and cider under licence in New Zealand.

Sales approach

For F19, the Group has one major customer in the Americas whose revenues represent 9.6% (F18: 10.4%) of reported net sales revenue, and one major customer in Australia whose revenue represents 7.1% (F18: 8.7%) of reported net sales revenue.

Financing components

The Group does not have any contracts where the period between the transfer of the promised product or services to the customer and by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group's contracts with customers generally include one performance obligation. Revenue from the sale of products or services is recognised at the point in time when control over a product or service is transferred to the customer, generally on delivery. The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is recorded net of sales discounts and rebates, duties and taxes. Payment terms vary by customer. The following specific criteria are also applied:

Wine

Revenue is recognised in a manner that depicts transfer of control of goods to customers at the amount that reflects consideration the business expects to be entitled to in exchange for those goods. Sales to national retail chains, domestic distributors, independent retailers and on premise outlets are usually recognised when goods are delivered. Sales to international customers are recognised based on the international commercial terms the goods are shipped under, but typically when goods are despatched. This is also the case for some national retail chains that manage their own distribution networks.

Bottling services

Revenue is recognised when the relevant service has been completed.

Key estimate and judgement:

Trade discounts and volume rebates

Products are often sold with volume discounts and other rebates. Sales are recorded based on the consideration specified in the sales contracts or terms, net of the estimated discount or rebate at the time of sale. These discounts or rebates are considered variable consideration and are accounted for in determining the transaction price of a contract. The method used by the Group to estimate discounts and rebates is the most likely amount. Accumulated experience is used to estimate and provide for the discounts and rebates based on anticipated purchases.

NOTE 4 – OTHER EARNINGS DISCLOSURES

	2019 $M	2018 $M
Rental expense relating to operating leases	**(100.5)**	(87.0)
Net foreign exchange (losses)	**(1.7)**	(1.3)
Salaries and wages expense	**(412.4)**	(385.1)
Share based payments expense	**(18.9)**	(18.0)
Insurance and other income	**8.5**	5.3
Other gains and losses		
Restructuring and redundancy expense	**(24.1)**	(6.4)
(Write-down)/reversal of write-down of assets	**(8.8)**	1.8
Net profit on disposal of non-current assets	**25.9**	1.8
Total other gains and losses	**(7.0)**	(2.8)

Accounting policies

Operating leases

Operating lease payments are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The Group's policy on how to determine the nature of a lease is set out in note 19.

Employee benefits

Employee benefits include wages, salaries, annual leave, bonuses, non-monetary benefits and share based payment expenses. Further details of Group policy on measuring employee benefits are set out in note 15.

Superannuation

Employees are members of defined contribution superannuation schemes. Superannuation contributions are recognised as an expense when they are due and payable.

Property, plant and equipment income

Revenue from the sale of property, plant and equipment is recognised when an executed contract becomes unconditional.

Other income

Revenue is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Insurance income

Revenue is recognised when recovery is virtually certain.

NOTE 5 – MATERIAL ITEMS

The following individually material items are included within the consolidated statement of profit or loss and other comprehensive income. There are no material items for F19.

	2019 $M	2018 $M
Individually material items included in profit before income tax:		
Restructuring and redundancy costs[1]	–	(5.2)
Reversal of write-down/(write-down) of assets[2]	–	(1.0)
Total material items (before tax)	–	(6.2)
Tax effect of material items	–	1.6
Total material items (after tax)	–	(4.6)

1. In F18, comprises costs associated with integrating businesses acquired.
2. In F18, includes write-down/disposal of various assets associated with business integration activities.

Material items

Material items are defined as those 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.

NOTE 6 – DIVIDENDS

	2019 $M	2018 $M
Dividends declared and paid on ordinary shares		
Final dividend for F18 of 17.0 cents per share 100% franked (F17: 13.0 cents per share)	**122.2**	96.0
Interim dividend for F19 of 18.0 cents per share 100% franked (F18: 15.0 cents per share)[1]	**129.1**	107.7
	251.3	203.7
Dividends declared after balance date		
Since the end of the financial year, the Directors declared a final dividend of 20.0 cents per share (F18: 17.0 cents) 100% franked (F18: 100% franked). This dividend has not been recognised as a liability in the consolidated financial statements at year-end.	**143.8**	122.2

1. The F19 interim dividend includes an amount of $6.8 million for shares issued under the Dividend Reinvestment Plan.

Details in relation to franking credits are included in note 22.

NOTE 7 – EARNINGS PER SHARE

	2019 CENTS PER SHARE	2018 CENTS PER SHARE
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**58.4**	49.7
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**58.1**	49.3

	NUMBER	NUMBER
Weighted average number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	**718,419**	725,652
Effect of potentially dilutive securities		
Deferred shares (in thousands)	**3,516**	4,864
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**721,935**	730,516

Earnings reconciliation

Basic and diluted EPS	$M	$M
Net profit	**419.5**	360.4
Net profit attributable to non-controlling interests	–	(0.1)
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**419.5**	360.3

NOTE 7 – EARNINGS PER SHARE (CONTINUED)

Impact of US tax reform

In F18, the US Government passed the Tax Cuts and Jobs Act ('the Act') which reduced the US Federal corporate tax rate from 35% to 21% effective from 1 January 2018. In F18, the Group recognised a one-off benefit of $20.9 million arising due to the restatement of its net deferred tax liability in respect of its US operations. Excluding the one-off tax benefit, basic earnings per share in F18 would have been 46.8 cents per share, and diluted earnings per share in F18 would have been 46.5 cents per share. Basic earnings per share in F18 (adjusted to exclude SGARA and material items) would have been 48.9 cents per share.

Calculation of earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is calculated by dividing the net profit after income tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by dividing the profit attributable to ordinary shareholders after tax by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive potential ordinary shares in the employee Long-term Incentive Plan and Restricted Equity Plan (see note 21).

NOTE 8 – NET CASH FLOWS FROM OPERATING ACTIVITIES

	2019 $M	2018 $M
Reconciliation of net cash flows from operating activities to profit after income tax		
Profit for the year	**419.5**	360.4
Depreciation and amortisation	**103.0**	97.5
SGARA loss	**19.7**	15.1
Write-down/(reversal of write-down) of assets	**8.8**	(1.8)
Net profit on disposal of non-current assets	**(25.9)**	(1.8)
Share based payments expense	**18.9**	18.0
Other	**(3.6)**	0.9
Net cash provided by operating activities before change in assets and liabilities	**540.4**	488.3
Change in working capital and tax balances, net of effects from acquisition/disposal of controlled entities		
Receivables	**(70.3)**	17.0
Inventories	**(120.2)**	(221.7)
Derivative financial assets/liabilities	**(2.3)**	(2.2)
Payables	**7.2**	7.6
Net tax balances	**59.0**	21.4
Provisions	**1.8**	(15.4)
Net cash flows from operating activities	**415.6**	295.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: WORKING CAPITAL

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9 – WORKING CAPITAL

	2019 $M	2018 $M
Current		
Cash and cash equivalents	**401.8**	89.4
Receivables (a)	**661.3**	593.0
Inventories (b)	**1,024.0**	1,012.3
Trade and other payables	**(724.7)**	(702.9)
Total current	**1,362.4**	991.8
Non-current		
Inventories (b)	**1,068.9**	952.1
Trade and other payables	**(56.0)**	(56.4)
Total non-current	**1,012.9**	895.7

(a) Receivables

	2019 $M	2018 $M
Current		
Trade receivables	**545.8**	469.2
Allowance for expected credit loss	**(2.6)**	(1.7)
Other receivables	**91.4**	94.1
Prepayments	**26.7**	31.4
Total current receivables	**661.3**	593.0

(b) Inventories

	2019 $M	2018 $M
Current		
Raw materials and stores	**60.7**	42.4
Work in progress	**438.1**	402.0
Finished goods	**525.2**	567.9
Total current inventories	**1,024.0**	1,012.3
Non-current		
Work in progress	**853.3**	793.6
Finished goods	**215.6**	158.5
Total non-current inventories	**1,068.9**	952.1
Total inventories	**2,092.9**	1,964.4

Inventories of wine stocks are classified between current and non-current based on sales projections for the ensuing year. Inventories recognised as an expense during the year and included in cost of sales amounted to $1,571.8 million (F18: $1,392.0 million). In F19, the write-down of inventories to net realisable value amounted to $15.4 million (F18: $10.7 million). The reversal of write-downs amounted to $12.2 million (F18: $11.9 million). These amounts are included in cost of sales.

NOTE 9 – WORKING CAPITAL (CONTINUED)

Accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, cash in transit, short-term deposits and investments with maturities of three months or less.

Cash assets and cash liabilities are offset and presented as a net amount in the consolidated statement of financial position when the Group has a legally enforceable right to offset or intent to settle on a net basis.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are disclosed net of outstanding bank overdrafts.

Receivables

Trade receivables are initially recognised at invoice value (fair value) and subsequently measured at amortised cost, less an allowance for expected credit losses.

Credit terms are generally between 30 – 120 days depending on the nature of the transaction. Expected credit losses are calculated by utilising a provision matrix where loss rates are calculated based on days past due for groupings of various customer segments that have similar loss patterns (for example geography, product type and rating). The provision matrix is initially determined by the Group's historical observed loss rates and will be calibrated for forward looking information. Loss rates will be updated at each reporting date based on changes in observed default rates and changes in forward looking information.

Inventories

Inventories are valued at the lower of their cost (using average or FIFO basis) or estimated net realisable value.

The cost of raw materials is their purchase price or, in the case of grapes sourced from Group owned vineyards, fair value (see note 11 for further details). The cost of manufactured goods is determined on a consistent basis and is made up of the raw materials and direct labour used in manufacture. It also includes other direct costs and related production overheads based on normal operating capacity.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs to be incurred in marketing, selling and distribution.

Trade and other payables

Trade and other payables including accruals are recorded when the Group is required to make future payments as a result of purchases of goods or services. Trade and other payables are carried at amortised cost.

Key estimates and judgements:

Trade discounts and volume rebates

Key estimates relate to the amount accrued for discounts and rebates. Products are often sold with trade discounts and volume rebates. Sales are recorded based on the price specified in the sales contracts or terms, net of the estimated discount or rebate at the time of sale. Accumulated experience is used to estimate and provide for the discounts and rebates based on anticipated purchases and depletions.

Net realisable value of inventory

The period over which some wine inventories are converted from raw materials to finished goods can be a significant length of time. Failure to forecast demand effectively may result in excess inventories or missed revenue opportunities.

Forecast demand and market prices can vary significantly over the holding period up to the likely date of sale. Estimating the most likely conditions at the expected point of sale is therefore more challenging over the longer term. Non-current inventory is $1,068.9 million (F18: $952.1 million) and its estimated selling price is therefore a key estimate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	LAND		FREEHOLD BUILDINGS		LEASEHOLD BUILDINGS		PLANT AND EQUIPMENT		TOTAL	
	2019 $M	2018 $M	2019 $M	2018 $M	2019 $M	2018 $M	2019 $M	2018 $M	2019 $M	2018 $M
Cost	**383.5**	392.8	**496.4**	470.7	**81.8**	72.0	**1,828.1**	1,712.0	**2,789.8**	2,647.5
Projects in Progress	–	–	–	–	–	–	**82.1**	141.2	**82.1**	141.2
Accumulated depreciation and impairment	**(41.6)**	(37.5)	**(246.0)**	(228.3)	**(30.7)**	(24.6)	**(1,154.9)**	(1,081.8)	**(1,473.2)**	(1,372.2)
Carrying amount at end of year	**341.9**	355.3	**250.4**	242.4	**51.1**	47.4	**755.3**	771.4	**1,398.7**	1,416.5
Reconciliations										
Carrying amount at start of year	**355.3**	329.8	**242.4**	214.3	**47.4**	45.4	**771.4**	739.0	**1,416.5**	1,328.5
Additions	**14.2**	21.2	**16.2**	28.1	**8.4**	5.0	**81.6**	144.7	**120.4**	199.0
(Transfer to)/from Assets held for sale	**(14.0)**	(3.2)	**(5.4)**	2.6	**(0.3)**	0.5	**(17.5)**	(40.2)	**(37.2)**	(40.3)
Disposals	**(23.5)**	–	**(0.8)**	–	–	(0.2)	**(27.5)**	(17.9)	**(51.8)**	(18.1)
(Write-downs)/ write-downs reversal	–	–	–	–	–	(0.1)	**0.3**	1.9	**0.3**	1.8
Depreciation expense	–	–	**(8.7)**	(8.0)	**(6.6)**	(5.0)	**(73.9)**	(72.7)	**(89.2)**	(85.7)
Foreign currency translation	**9.9**	7.5	**6.7**	5.4	**2.2**	1.8	**20.9**	16.6	**39.7**	31.3
Carrying amount at end of year	**341.9**	355.3	**250.4**	242.4	**51.1**	47.4	**755.3**	771.4	**1,398.7**	1,416.5

Included within plant and equipment are 'Projects in progress' of $82.1 million (F18: $141.2 million), which are assets under construction and therefore not yet depreciated. The cost of construction includes the cost of materials used in construction, direct labour on the project, and an allocation of overheads.

The Group recognised nil write-downs (F18: $0.7 million) for property, plant and equipment during the year.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting policies

Property, plant and equipment is initially recorded at cost and then reduced by accumulated depreciation and any impairment losses.

Plant and equipment is depreciated so that the assets are written down to their residual value over their useful lives, using a reducing balance or straight-line method depending on the nature of the asset. Assets that relate to leases are written-off over the period of the lease or useful life, whichever is the shorter. Residual values, useful lives and amortisation methods are reviewed annually and adjusted when required.

Depreciation expense is included in 'costs of sales', 'selling expenses' and 'administration expenses' in the consolidated statement of profit or loss and other comprehensive income.

The depreciation rates used for each class of asset are as follows:

Freehold buildings	1.5% – 10.0%
Leasehold buildings	10.0% – 20.0%
Plant and equipment	3.3% – 40.0%

Costs incurred in maintaining agricultural assets are recognised as an expense as incurred.

Derecognition and disposal

When an asset is sold, scrapped or is no longer of use to the business it is derecognised. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net proceeds and the carrying amount of the asset) is recorded in the period the asset is derecognised in the consolidated statement of profit or loss and other comprehensive income.

Vineyard resources

	2019 HECTARES	2018 HECTARES
Australia	**8,651**	8,607
New Zealand	**498**	492
United States	**3,728**	3,894
Italy	**148**	148
	13,025	13,141

The area under vine shown above:

- Includes 3,317 hectares (F18: 3,146 hectares) under lease arrangements and 7 hectares (F18: 7 hectares) of olive groves in Tuscany, a region of Italy.
- Yielded 94,292 tonnes of grapes (F18: 91,128 tonnes).

Harvests generally occur in September – October in the Northern Hemisphere and February – May in the Southern Hemisphere.

NOTE 11 – AGRICULTURAL ASSETS

	2019 $M	2018 $M
Agricultural assets	**29.4**	41.3
Total agricultural assets	**29.4**	41.3

Reconciliations

	2019 $M	2018 $M
Carrying amount at start of year	**41.3**	37.7
Fair value increase	**29.4**	41.3
Transfers to inventory	**(41.9)**	(38.9)
Foreign currency translation	**0.6**	1.2
Carrying amount at end of year	**29.4**	41.3

Grape growing and sourcing

The Group has a variety of sources of fruit including owned and leased vineyards, contracted growers and the bulk wine market.

This approach provides flexibility through the economic cycle and assists with managing the risks arising from agricultural factors beyond the Group's control such as pests, disease and extreme weather conditions.

The Group's owned vineyards ensure access to super premium fruit from key viticultural regions including the Barossa Valley and Coonawarra in Australia, Marlborough in New Zealand and the Napa and Sonoma Valleys in California. These vineyards contribute to some of the Group's most prestigious wines.

Accounting policies

The agricultural assets of the Group (i.e. grapes) are measured at their fair value, less estimated point of sale costs.

The fair value adjustment during the year is recognised within 'Other expenses' in the consolidated statement of profit or loss and other comprehensive income.

Harvested grapes are transferred to inventory initially at fair value and are then subsequently accounted for in the cost of inventory (see note 9).

Fair value determination

The valuations of agricultural assets are Level 2 fair value measurements under the Group's accounting policy (see note 1), with the principal inputs being:

Grapes prior to harvest

Estimated based on the expected yields per hectare, estimated harvest costs and the anticipated market price of grapes.

Harvested grapes

Determined by reference to the weighted district average of grape prices for each region for the current vintage. Prices vary with the grade quality of grapes produced in each particular region.

Key estimate and judgement:

Fair value of grapes

Key to estimating the value of grapes is the following:

- Yield estimates were higher/(lower);
- The estimated harvest costs were lower/(higher);
- Market prices for grapes were higher/(lower); or
- The quality of grapes was higher/(lower).

NOTE 12 – INTANGIBLE ASSETS

	BRAND NAMES AND LICENCES		IT DEVELOPMENT COSTS		GOODWILL		TOTAL	
	2019 $M	2018 $M	2019 $M	2018 $M	2019 $M	2018 $M	2019 $M	2018 $M
Cost	**1,446.3**	1,418.0	**94.2**	85.1	**754.7**	749.7	**2,295.2**	2,252.8
Projects in progress at cost	–	–	**44.3**	20.6	–	–	**44.3**	20.6
Accumulated amortisation and impairment	**(499.2)**	(480.2)	**(55.8)**	(43.7)	**(620.7)**	(620.6)	**(1,175.7)**	(1,144.5)
Carrying amount at end of year	**947.1**	937.8	**82.7**	62.0	**134.0**	129.1	**1,163.8**	1,128.9
Reconciliations								
Carrying amount at start of year	**937.8**	918.2	**62.0**	51.2	**129.1**	126.4	**1,128.9**	1,095.8
Additions	–	0.4	**32.0**	21.4	–	–	**32.0**	21.8
(Transfers to)/from assets held for sale	**(11.7)**	–	–	–	–	–	**(11.7)**	–
Amortisation expense	**(1.8)**	–	**(12.0)**	(11.8)	–	–	**(13.8)**	(11.8)
Foreign currency translation	**22.8**	19.2	**0.7**	1.2	**4.9**	2.7	**28.4**	23.1
Carrying amount at end of year	**947.1**	937.8	**82.7**	62.0	**134.0**	129.1	**1,163.8**	1,128.9

Goodwill is allocated to the Cash Generating Units (CGUs) or group of CGUs (see note 14 for further details) that are expected to benefit from the synergies of the combination. The allocation of intangible assets (other than IT development costs) is as follows:

	ANZ		AMERICAS		EUROPE		TOTAL	
	2019 $M	2018 $M	2019 $M	2018 $M	2019 $M	2018 $M	2019 $M	2018 $M
Goodwill								
Carrying amount at start of year	**35.8**	37.0	**73.7**	70.7	**19.6**	18.7	**129.1**	126.4
Foreign currency translation	**1.4**	(1.2)	**3.2**	3.0	**0.3**	0.9	**4.9**	2.7
Carrying amount at end of year	**37.2**	35.8	**76.9**	73.7	**19.9**	19.6	**134.0**	129.1
Brand names and licences								
Carrying amount at start of year	**481.4**	481.2	**453.2**	434.0	**3.2**	3.0	**937.8**	918.2
Additions	–	0.4	–	–	–	–	–	0.4
Amortisation expense	**(0.8)**	–	**(1.0)**	–	–	–	**(1.8)**	–
(Transfers to)/from assets held for sale	–	–	**(11.7)**	–	–	–	**(11.7)**	–
Foreign currency translation	**0.2**	(0.2)	**22.4**	19.2	**0.2**	0.2	**22.8**	19.2
Carrying amount at end of year	**480.8**	481.4	**462.9**	453.2	**3.4**	3.2	**947.1**	937.8

Key estimate and judgement:

Useful life of brand names

In assessing whether a brand has a finite or indefinite useful life, the Group makes use of information on the long-term strategy for the brand, the level of growth or decline of the markets that the brand operates in, the history of the market and the brand's position within that market.

If a brand is assessed to have a finite life, the Group will use judgement in determining the useful life of the brand including the period over which expected cash flows will continue to be derived in making that decision.

NOTE 12 – INTANGIBLE ASSETS (CONTINUED)

Accounting policies

Brand names and licences

Brand names are recognised as assets when purchased individually and (primarily) as part of the allocation of the purchase price when the Group acquires other businesses. Internally generated brand names are not capitalised and expenditure incurred in developing, maintaining or enhancing brand names is charged to profit or loss in the year incurred.

Brand names are initially recognised at cost when purchased individually and at fair value when acquired with a business. This fair value is determined by reference to independent valuations.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill

Goodwill arises on the acquisition of businesses and represents the difference between the purchase price and share of the net assets of the acquired business, recorded at fair value.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment at least annually (see note 14).

IT development and software

Costs incurred in developing information technology (IT) products or systems and costs incurred in acquiring software and multi-year licenses are capitalised as intangible IT assets. They include the cost of purchased software and internal labour and contractors used in the development of software.

IT assets are carried at cost less any accumulated amortisation and are amortised over their expected useful life (2-10 years) on a straight line basis. Amortisation is included in 'Other expenses' in the consolidated statement of profit or loss and other comprehensive income.

NOTE 13 – ASSETS AND DISPOSAL GROUPS HELD FOR SALE

	2019 $M	2018 $M
Assets and disposal groups held for sale	**78.3**	45.2
Total assets and disposal groups classified as held for sale	**78.3**	45.2

Assets held for sale comprise property, plant and equipment and related deferred tax assets and liabilities identified by the Group to be recovered through sale.

In F19, management committed to a plan to sell a wine making facility, including its related property, plant and equipment, inventory and intangible assets within America. Accordingly that facility has been presented as a disposal group held for sale.

Impairment losses relating to the disposal group

Impairment losses of $6.3 million for the write down of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in 'other expenses' in the consolidated statement of profit or loss and other comprehensive income. Refer to note 4 for other earnings disclosures.

Accounting policies

Non-current assets are classified as held for sale if their value will be recovered principally through their sale, rather than through ongoing use within the business.

Assets are not depreciated or amortised while they are classified as held for sale. They are valued at the lower of their carrying amount and fair value less costs to sell with an impairment loss recognised for any difference. A gain is recognised for any subsequent increase in value, but not in excess of any cumulative impairment loss previously recognised. Any gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at that point. The fair values of the assets based on independent market appraisals exceed the assets' carrying values.

NOTE 14 – IMPAIRMENT OF NON-FINANCIAL ASSETS

In F19 the recoverable amounts of cash generating units (CGUs) exceed their carrying values and as a result no impairment has been recognised (F18: Nil). Other than the amount disclosed in note 4, there were no indications that previously recognised impairment losses should be reversed (F18: Nil). The recoverable amount was determined through a value in use calculation.

The Group's CGUs are consistent with the prior period and are:

- Americas;
- Europe; and
- Australia and New Zealand (ANZ).

Accounting policies

Timing of Impairment Testing

The Group tests property, plant and equipment and intangible assets for impairment:

- At least annually for goodwill and indefinite life brands; and
- Where there are indications that an asset may be impaired; or
- Where there is an indication that previously recognised impairments may have changed.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

Approach to Impairment Testing

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the CGU to which it belongs.

When an asset's (or CGU's) carrying value exceeds its recoverable amount, it is impaired. Recoverable amount is the higher of the asset's (or CGU's) fair value less costs of disposal or value in use.

Fair value is determined in accordance with the accounting policy set out in note 1.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Reversals of Impairment

If there is an indicator that a previously recognised impairment loss no longer exists or has decreased, recoverable amount is estimated. If there has been a change in the estimates used to determine an asset's recoverable amount since an impairment loss was recognised, the carrying value of the asset is increased to its recoverable amount (limited to the amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years).

Any reversal is recognised in the consolidated statement of profit or loss and other comprehensive income with an adjustment to depreciation in future periods to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life. The Group does not reverse impairments recognised for goodwill.

NOTE 14 – IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

Key estimate and judgement:

Impairment testing key assumptions

The Group has estimated recoverable amount based on value in use at 30 June 2019. Key estimates and judgements include:

Cash flow forecasts

Cash flow forecasts are based on the Group's most recent five-year financial plans approved by the Board. Key assumptions in the cash flow forecasts include sales volume growth, cost of sales and cost of doing business.

The Group's assumptions regarding sales volume growth and costs of doing business are based on expectations of the market demand and past experience. The assumption on cost of sales is based on expectation about future vintage costs.

Long-term growth rates

Cash flow forecasts beyond a five-year period are extrapolated using a growth rate range of 2.0% to 3.0% (F18: 2.0% to 3.0%). Growth rates are specific to individual CGUs and reflect expected future market and economic conditions.

Discount rate

The Group applies a post-tax discount rate to post-tax cash flows as the valuation calculated using this method closely approximates applying pre-tax discount rates to pre-tax cash flows. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net post-tax cash flows being achieved. The following pre-tax discount rates were applied:

	2019	2018
Americas	**10.0%**	9.5%
Europe	**9.6%**	9.6%
ANZ	**11.8%**	11.0%

Exchange rates

Cash flow forecasts in foreign currency are forecast in that currency and discounted using the applicable regional discount rates (predominantly USD and GBP).

Sensitivity analysis

Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount to fall below carrying values.

Based on current economic conditions and CGU performances, there are no reasonably possible changes to key assumptions used in the determination of CGU recoverable amounts that would result in a material impairment to the Group.

NOTE 15 – PROVISIONS

	2019 $M	2018 $M
Current		
Employee entitlements	**36.1**	34.4
Other	**9.7**	11.0
Total current provisions	**45.8**	45.4

Other provisions

	ONEROUS CONTRACTS $M	RESTRUCTURING $M	OTHER $M	TOTAL $M
2019				
Carrying amount at start of year	**2.0**	**6.5**	**2.5**	**11.0**
Charged/(credited) to profit or loss	**2.2**	**5.9**	**–**	**8.1**
Payments	**(0.6)**	**(7.2)**	**(1.8)**	**(9.6)**
Foreign currency translation	**–**	**0.1**	**0.1**	**0.2**
Carrying amount at end of year	**3.6**	**5.3**	**0.8**	**9.7**

Onerous contract provisions are held for non-cancellable leases, IT infrastructure service contracts and wine grape supply contracts that have been identified as being surplus to the Group's needs. The restructuring provision comprises costs in relation to the Group's rationalisation and restructure program.

Accounting policies

Provisions are recognised for present obligations (legal, equitable or constructive) to make future payments (or other transfer of value) to other entities due to past transactions or events. They are recognised only when it is probable the liability will arise and when a reliable estimate can be made of the amount.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk free rate plus, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

Liabilities for employees' entitlements to wages and salaries, annual leave and other current employee entitlements (that are expected to be paid within 12 months) are measured at amounts expected to be paid as at the reporting date.

Liabilities for other employee entitlements, which are not expected to be paid or settled within 12 months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid.

Restructuring

Restructuring provisions are recognised at the point when a detailed plan for the restructure has been developed and implementation has commenced. The cost of restructuring provided is the estimated future cash flows, discounted at the appropriate rate which reflects the risks of the cash flow.

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of a current employee according to a detailed formal plan without possibility of withdrawal or upon the provision of an offer to encourage voluntary redundancy.

Onerous contracts

Onerous contracts are measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract (discounted to present value if material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16 – CAPITAL MANAGEMENT

The Group considers capital to be the combination of shareholders' equity, reserves and net debt. The key objectives of the Group's approach to capital management include:

- Safeguard the Company's ability to continue as a going concern;
- Maintaining a credit profile and the requisite financial metrics that secures access to funding with a spread of maturity dates and sufficient undrawn committed facility capacity;
- Optimising over the long term, and to the extent practicable, the weighted average cost of capital to reduce the Group's cost of capital while maintaining financial flexibility; and
- To provide returns to shareholders and benefits to other stakeholders.

In order to optimise the Group's capital structure and in line with the Group's strategic objectives and operating plans, the Company may:

- Alter the amount of dividends paid to shareholders;
- Return capital to shareholders;
- Issue new shares;
- Vary discretionary capital expenditure;
- Draw-down additional debt; or
- Sell assets to reduce debt.

Various financial ratios and internal targets are assessed and reported to the Board on a regular basis by management to monitor and support the key objectives set out above. These ratios and targets include:

- An earnings to net interest expense ratio;
- A total net indebtedness to earnings before interest, tax, depreciation, amortisation and self-generating and regenerating assets ratio; and
- Group debt maturity profile.

NOTE 17 – BORROWINGS

	2019 $M	2018 $M
Total borrowings consist of:		
Current	**17.4**	4.3
Non-current	**1,147.7**	875.3
Total borrowings	**1,165.1**	879.6

Details of major arrangements

US Private Placement Notes and Debt Facilities

US Private Placement (USPP) notes totalling US$400.0 million (unsecured) are outstanding, with maturities ranging from December 2020 to June 2029. The carrying value of USPP notes at 30 June 2019 is $571.0 million (F18: $544.3 million).

During the year the Group established a US$350.0 million syndicated debt facility with a US$120.0 million 5-year tranche maturing November 2023 and a US$230.0 million 7-year tranche maturing in November 2025. At 30 June this syndicated debt facility is fully drawn to US$350.0 million. The carrying value of the syndicated debt facility at 30 June 2019 is $499.6 million (F18: nil).

The Group has in place a number of revolving bank debt facilities with maturities staggered through to December 2024. As at 30 June 2019 there were no drawings under the bank debt facilities (F18: $274.1 million).

USPP notes bear interest at fixed and floating interest rates. In accordance with the Group's risk management strategy, the Group has entered into a combination of fixed to floating and floating to fixed interest rate swaps to obtain the desired fixed/floating interest ratio, with interest rate caps also used to manage interest rate risk. Refer to note 23 for further details.

The Group is party to a number of finance lease arrangements which have a carrying value of $75.1 million at 30 June 2019 (F18: $76.7 million). The Group's finance lease arrangements have durations up to 12 years.

NOTE 17 – BORROWINGS (CONTINUED)

Financial guarantees

The Group has issued financial guarantees to other persons of $23.0 million (F18: $23.7 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. No payments are expected to eventuate under these financial guarantees as the Group expects to meet its respective obligations to the beneficiaries of these guarantees.

Receivables purchasing agreement

The Group has entered into an uncommitted non-recourse receivable purchasing agreement to sell certain domestic and international receivables, from time to time, to an unrelated entity in exchange for cash. As at 30 June 2019, receivables totalling $26.2 million had been derecognised under this arrangement (F18: $41.9 million).

Accounting policies

Borrowings are initially recorded at fair value of the consideration received, net of directly attributable costs.

After initial recognition, borrowings are measured at amortised cost, using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on issuance. Gains and losses are recognised in the statement of profit or loss and other comprehensive income if borrowings are derecognised.

ALL BALANCES TRANSLATED TO AUD	2018 $M	TOTAL CASH FLOWS FROM ACTIVITIES $M	DEBT REVALUATION AND FX MOVEMENTS $M	2019 $M
Net debt				
Cash and cash equivalents	89.4	311.5	0.9	**401.8**
Loan receivable	0.6	–	0.1	**0.7**
Bank loans[1]	(270.7)	(206.9)	(15.1)	**(492.7)**
US Private Placement Notes (net of fair value hedge)	(544.3)	–	(26.7)	**(571.0)**
Lease liabilities	(76.7)	5.1	(3.5)	**(75.1)**
Other loan payable	(0.6)	(13.6)	–	**(14.2)**
Net debt	**(802.3)**	**96.1**	**(44.3)**	**(750.5)**

1. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $499.6 million (F18: $274.1 million) against capitalised facility finance costs of $6.9 million (F18: $3.4 million) to be amortised over the facility period.

NOTE 18 – CONTRIBUTED EQUITY

	2019 $M	2018 $M
Issued and paid-up capital		
719,100,485 (F18: 718,663,546) ordinary shares, fully paid	**3,247.3**	3,240.5
Own shares held	**(3.5)**	(5.1)
	3,243.8	3,235.4
Contributed equity at the beginning of the period	**3,235.4**	3,528.6
Shares movements:		
Nil shares bought back and cancelled (F18: 19,471,487)	–	(300.0)
436,939 shares issued under the Dividend reinvestment plan (F18: Nil)	**6.8**	–
Net movement in own shares held	**1.6**	6.8
Contributed equity at the end of the period	**3,243.8**	3,235.4

The shares have no par value.

Share buyback

On 17 August 2017, the Company announced an on-market share buy-back of up to $300.0 million, which commenced in September 2017. During the year ended 30 June 2019, the Company bought back and cancelled nil shares.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

NOTE 18 – CONTRIBUTED EQUITY (CONTINUED)

Purchase of shares for LTIP plans

The Group engages a third party to purchase shares in the Company to be used to satisfy share based payment obligations upon vesting under the Group's Employee Equity Plans. Historically, such commitments were satisfied by way of treasury share purchases (i.e. the Group acquiring shares on market directly). Treasury shares that had previously been purchased remain available to satisfy any future vesting under the Group's Employee Equity Plans.

During the year, the Group purchased nil treasury shares (F18: Nil). A total of 0.3 million (F18: 0.5 million) treasury shares are available at 30 June 2019. During the year, the Group purchased 0.9 million shares ($16.6 million) under the third party arrangement (F18: 2.7 million shares ($42.9 million)). A total of 0.9 million shares (F18: 2.7 million) purchased under the third party arrangement are available at 30 June 2019.

When the Company reacquires its equity instruments (treasury shares) their cost is deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Any difference between the cost of acquisition and the consideration when reissued is recognised in share based payments reserve.

NOTE 19 – COMMITMENTS

	2019 $M	2018 $M
Leases		
Non-cancellable leases		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
under one year	**111.7**	88.6
between one year and five years	**354.8**	282.5
over five years	**494.9**	478.9
Total lease commitments	**961.4**	850.0
Capital expenditure and other commitments		
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**49.2**	38.1

The Group's leases of property have terms of up to 25 years. Leases generally provide the Group with a right of renewal at which time the requirement to renew the lease is considered and all terms are renegotiated.

Accounting policies

Leases

The determination of which of the Group's arrangements are leases can be complex; for example determining whether long-term contracts are for the supply of grapes or a lease of the vineyard. The assessment is made based on the substance of the arrangement, whether it is dependent on the use of a specific asset or assets and if it conveys a right of use.

When an arrangement is a lease, it is accounted for in one of two ways. Where the lessor retains substantially all the risks and benefits of ownership of an asset it is classified as an operating lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term in the consolidated statement of profit or loss and other comprehensive income.

Where the Group takes on substantially all the risks and benefits of ownership of the leased item it is classified as a finance lease. An asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are split between a finance expense and a reduction of the lease liability so as to record a constant rate of interest on the remaining balance of the liability. The asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Refer to note 31 outlining the expected impact on the Group from the initial adoption of AASB 16 *Leases*.

NOTE 20 – RESERVES

	2019 $M	2018 $M
Cash flow hedge reserve	**(8.4)**	2.2
Share based payments reserve	**(34.6)**	(9.4)
Foreign currency translation reserve	**76.8**	7.6
Total reserves	**33.8**	0.4

Cash flow hedge reserve
This reserve records the effective portion of gains or losses from open cash flow hedges.

Share based payment reserve
This reserve records amounts offered to employees under Long-term Incentive Plan (LTIP), Restricted Equity Plan (REP), deferred Short-term Incentive Plan (STIP) and Share Cellar plan.

Foreign currency translation reserve
This reserve holds exchange differences arising on translation of foreign subsidiaries, as described in note 1.

NOTE 21 – EMPLOYEE EQUITY PLANS

	STIP (RESTRICTED SHARES)	MTIP (PERFORMANCE RIGHTS)	LTIP (PERFORMANCE RIGHTS)	REP (RESTRICTED SHARES/ DEFERRED SHARE RIGHTS)	SHARE CELLAR (BROAD-BASED EMPLOYEE SHARE PLAN)
Outstanding at the beginning of the year	**255,406**	–	**4,448,771**	**395,909**	**100,806**
Granted during the year	140,562	245,436	806,921	33,353	57,962
Exercised during the year	(168,803)	–	(2,688,879)	(162,697)	(44,539)
Forfeited during the year	(29,846)	(33,976)	(628,716)	(40,270)	(12,565)
Outstanding at the end of the year	**197,319**	**211,460**	**1,938,097**	**226,295**	**101,664**
Exercisable at the end of the year	–	–	–	–	–

The Group operates equity plans as outlined below:

STIP Restricted Equity
One-third of earned STIP is delivered in the form of deferred equity (Restricted Shares). The key terms of this award are:

- Subject to a mandatory restriction period and continued employment. Half of the award is restricted for one year and the remaining half for two years from grant date;
- Holders of Restricted Shares are entitled to dividends and to exercise their voting rights during the restriction;
- Will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms apply.

LTIP
Under the LTIP certain employees receive Performance Rights which entitle participants to receive the Company's shares at no cost subject to the achievement of performance conditions and continued employment. No dividends are payable to participants prior to vesting. The performance conditions are:

- Relative Total Shareholder Return (TSR)
- Return on Capital Employed (ROCE) growth
- Will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms apply.

For the F17 and F18 awards, Performance Rights are subject to dual performance measures with equal weighting of TSR and ROCE over a performance period of three years. The F19 awards were issued over the same performance period but with a weighting of 25% for TSR and 75% for ROCE.

NOTE 21 – EMPLOYEE EQUITY PLANS (CONTINUED)

Mid-term Incentive Plan (MTIP)

F19 is the first year the Group have awarded an MTIP grant. Under the MTIP certain employees receive Performance Rights which entitle the participant to receive shares at no cost subject to the achievement of performance conditions and continuing employment. The F19 plan has two equal vesting conditions: time-based (50%) and ROCE growth (50%). For the time-based conditions half vest in 1-year (25%) and half in 2-years (25%).

Restricted Equity Plan (REP)

Under the REP certain employees receive a grant of restricted equity awards in the form of Restricted Shares. If Restricted Shares cannot be awarded (e.g. due to country specific regulation) Deferred Share Rights are granted. The award is at no cost to the employee and is subject to a restriction period. Restricted equity awards require continued employment with the Group through the restriction period. Other terms are similar to the STIP terms above.

Restricted equity awards may be granted to compensate employees for foregoing equity compensation in their previous organisation as a sign-on award and/or as a retention incentive.

Share Cellar (broad-based Employee Share Plan)

Share Cellar is the Group's broad-based Employee Share Plan and plan participation is offered annually. The plan was first launched early in 2015. Participation is voluntary and employees in select countries are eligible to join the Plan. Share Cellar operates as a matching plan whereby employees contribute funds to the Plan from their after-tax pay and shares are acquired by the Group on their behalf. In the plans operating from 2015 to 2018, for every two purchased shares that a participant holds at the vesting date (approximately two years) the Group delivers one matched share, subject to continued employment. For employees enrolling in the 2019 plan, the Group will deliver one matched share for every purchased share held at the plan vesting date, subject to continued employment.

Participants are entitled to dividends and to exercise voting rights attached to the shares purchased under the plan, and matched shares once they have been allocated.

Accounting policies

Employee equity plans are accounted for as share based payments, whereby employees render services in exchange for the awards. The fair value of the shares and performance rights that are expected to vest is progressively recognised as an employee benefits expense over the relevant vesting period with a corresponding increase in equity.

The fair value of shares granted is determined by reference to observed market values. The fair value of the TSR component of performance rights is independently determined at grant date by an external valuer using a Monte-Carlo simulation. For the non-market components (ROCE), the fair value is independently determined based on the share price less the present value of dividends.

Non-market performance conditions do not impact the value of shares and performance rights, but rather the estimate of the number of shares to vest.

At each reporting date the Company revises the estimate of the number of shares and the non-market component of performance rights that are expected to vest and the employee benefits expense recognised each period incorporates this change in estimate.

An expense is recognised for the TSR component of performance rights whether or not the TSR hurdle is met. No expense is recognised if these rights do not vest due to cessation of employment. No expense is recognised for shares and non-market components of performance rights that do not ultimately vest.

NOTE 21 – EMPLOYEE EQUITY PLANS (CONTINUED)

Active share based payment plans:

Long-term Incentive Plans

The below table outlines the F18 and F19 LTIP plans which have a vesting date post 30 June 2019:

GRANT DATE	F19 PLAN 12-NOV-18	F18 PLAN 13-NOV-17
Grant date share price	$15.56	$15.82
Expected share price volatility (%)	28.0	29.0
Expected dividend yield (%)	1.9	2.2
Risk-free interest rate (%)	2.1	1.9
Fair value estimate at grant date – TSR	$7.24	$11.09
Fair value estimate at grant date – ROCE	$14.80	$14.93

Mid-term Incentive Plans

The below table outlines the F19 plan which has a vesting date post 30 June 2019:

GRANT DATE	F19 PLAN 12-NOV-18
Grant date share price	$15.56
Expected dividend yield (%)	1.9
Fair value estimate at grant date – ROCE	$15.09
Fair value estimate time-based – Vesting 2019	$15.32
Fair value estimate time-based – Vesting 2020	$15.04

Restricted Equity Plans

GRANT DATE	GRANT DATE SHARE PRICE
F15	
29-Aug-14	$5.11
F16	
4-Sep-15	$5.98
4-Dec-15	$7.97
F17	
5-Dec-16	$10.42
F18	
13-Nov-17	$15.82
1-Mar-18	$17.32
F19	
12-Nov-18	$15.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: TAXATION

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 22 – INCOME TAX

	2019 $M	2018 $M
The major components of income tax expense are:		
Statement of profit or loss		
Current income tax expense	**156.7**	106.6
Deferred income tax expense	**14.8**	8.5
Total tax expense	**171.5**	115.1
Deferred income tax expense included in the income tax expense comprises:		
Decrease in deferred tax assets	**13.7**	63.4
Increase/(decrease) in deferred tax liabilities	**1.1**	(54.9)
Deferred income tax	**14.8**	8.5

Tax reconciliation

The amount of income tax expense as shown in the consolidated statement of profit or loss and other comprehensive income differs from the prima facie income tax expense attributable to earnings. The differences are reconciled as follows:

	2019 $M	2018 $M
Profit before tax excluding material items	**591.0**	481.7
Material items before tax	–	(6.2)
Profit before tax	**591.0**	475.5
Prima facie income tax expense attributable to profit from operations calculated at the rate of 30% (F18: 30%)	**177.3**	142.7
Tax effect of:		
Non-taxable income and profits, net of non-deductible expenditure	**2.5**	(11.8)
Other deductible items	**(3.4)**	(6.8)
Tax losses recognised	**(2.3)**	(1.4)
Change in tax rate	**0.6**	(16.3)
Foreign tax rate differential	**(6.1)**	(0.8)
Other	**2.5**	10.8
Under/(over) provisions in previous years	**0.4**	(1.3)
Total tax expense	**171.5**	115.1
Income tax expense on operations	**171.5**	116.7
Income tax benefit attributable to material items	–	(1.6)
Income tax expense	**171.5**	115.1

Deferred income tax relates to the following:

	2019 $M	2018 $M
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Inventory	**23.6**	10.8
Property, plant and equipment (including vines)	**0.6**	6.6
Accruals	**5.8**	6.2
Provisions	**19.6**	21.5
Foreign exchange	**5.2**	2.9
Tax losses	**71.0**	84.3
Other	**26.5**	22.2
Total deferred tax assets	**152.3**	154.5
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Inventory	**16.2**	18.3
Property, plant and equipment (including vines)	**72.6**	67.9
Intangibles	**104.2**	99.8
Other	**1.1**	4.8
Total deferred tax liabilities	**194.1**	190.8

NOTE 22 – INCOME TAX (CONTINUED)

	2019 $M	2018 $M
Movements in deferred income tax relate to the following:		
Movement in deferred tax assets:		
Opening balance	**154.5**	208.0
(Charged) to profit or loss	**(13.7)**	(63.4)
Recognised directly in Equity	**3.0**	–
Foreign currency translation	**5.9**	9.3
Reclassification	**0.6**	–
Other	**2.0**	0.6
Closing balance	**152.3**	154.5
Movement in deferred tax liabilities:		
Opening balance	**190.8**	233.9
Charged/(credited) to profit or loss	**1.1**	(54.9)
Recognised directly in Equity	**(1.4)**	–
Transfer (to)/from Assets Held for Sale	**(5.3)**	–
Foreign currency translation	**8.3**	11.3
Reclassification	**0.6**	–
Other	**–**	0.5
Closing balance	**194.1**	190.8
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited to equity	**4.4**	–

Unrecognised tax assets

There are potential future income tax benefits relating to accumulated losses in non-Australian group companies, which have not been brought to account. These possible benefits amount to $38.5 million (F18: $43.5 million).

The Group has carry forward capital tax losses in Australia and the UK respectively. These losses may be used to offset any future capital gains derived by activities in these countries. The Group will assess the conditions for deductibility imposed by the tax laws of Australia and the UK prior to any utilisation of the capital losses.

Ongoing tax audits

The Group is subject to ongoing tax audits by taxation authorities in several jurisdictions covering a variety of taxes. The Group fully cooperates with these enquiries as and when they arise.

Franking credits

The Australian Tax Consolidation Group has $58.7 million (F18: $69.8 million) franking credits available for subsequent reporting periods.

US tax reform

In F18, the US Government passed the Tax Cuts and Jobs Act ('the Act'). The Act reduced the US Federal corporate tax rate from 35% to 21% effective from 1 January 2018, as a result the Group recognised a one-off benefit of $20.9 million which arose due to the restatement of its net deferred tax liability in respect of its US operations.

Key estimate and judgement:

Taxation

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 22 – INCOME TAX (CONTINUED)

Accounting policies

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, taxation authorities at the tax rates and tax laws enacted or substantively enacted by the reporting date.

Deferred taxes

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that they will be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it will become possible that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or on the recognition of goodwill.
- Foreign taxes which may arise in the event of retained profits of foreign controlled entities being remitted to Australia as there is no present intention to make any such remittances.

Deferred tax assets and deferred tax liabilities associated with indefinite life intangibles such as brand names are measured based on the tax consequences that would follow from the use and sale of that asset.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Offsetting deferred tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: RISK

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 23 – FINANCIAL RISK MANAGEMENT

Financial risk management framework

The Group's financial risk management policies ('Group Treasury Policies') cover risk tolerance, internal controls (including segregation of duties), delegated authority levels, management of foreign currency, interest rate and counterparty credit exposures, and the reporting of exposures. These policies are reviewed at least annually and approved by the Board of Directors.

The centralised Group Treasury function has been delegated operational responsibility for the identification and management of financial risks.

The Group holds financial instruments from financing (principally borrowings), transactions (trade receivables and payables) and risk management (derivatives) which result in exposure to the following financial risks, covered by the Group Treasury Policies:

- Liquidity risk;
- Interest rate risk;
- Foreign exchange risk; and
- Counterparty credit risk.

The following table outlines how these risks impact Group financial assets and liabilities:

	NOTE	LIQUIDITY RISK (A)	INTEREST RATE RISK (B)	FOREIGN EXCHANGE RISK (C)	CREDIT RISK (D)
Net borrowings	17	×	×	×	×
Receivables	9		×	×	×
Other financial assets	9			×	×
Payables	9	×		×	
Derivative financial assets and liabilities	24, 31		×	×	×

(a) Liquidity risk

Nature of the risk

The Group is exposed to liquidity risk primarily from its core operating activities. The Group's focus is to ensure it is able to meet financial obligations as and when they fall due.

Risk management

The Group ensures the maintenance, at all times, of an appropriate minimum level of liquidity, comprising committed, unutilised debt facilities and cash resources. To facilitate this, the Group monitors forecast and actual cash flows, performs sensitivity analysis as well as monitoring the availability and cost of debt and equity funding.

The Group's objective is to balance continuity of funding and flexibility by maintaining an appropriately structured debt maturity profile with a mix of bank and capital (bond) market debt, whilst also monitoring compliance with the Group's key financial covenants and undertakings.

At reporting date, the standby arrangements and unused credit facilities are as follows:

	2019 $M	2018 $M
Committed facilities		
Available facilities	**1,887.1**	1,301.5
Amounts utilised	**(1,066.0)**	(818.4)
Amount unutilised	**821.1**	483.1

The Group is in compliance with all undertakings under its various financing arrangements.

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Liquidity risk (continued)

Level of exposure at balance date

The following tables analyse the maturities of the Group's contractual undiscounted cash flows arising from its material financial liabilities, net and gross settled derivative financial instruments.

	MATURING IN:						
	6 MONTHS OR LESS $M	6 MONTHS TO 1 YEAR $M	1 TO 2 YEARS $M	2 TO 5 YEARS $M	OVER 5 YEARS $M	CONTRACTUAL TOTAL $M	CARRYING AMOUNT $M
2019							
Non-derivative financial liabilities							
Bank loans[1]	**10.1**	**8.9**	**15.8**	**215.3**	**345.2**	**595.3**	**492.7**
Finance leases	**4.5**	**4.5**	**9.0**	**26.9**	**60.4**	**105.3**	**75.1**
Other loans	**13.6**	–	**0.6**	–	–	**14.2**	**14.2**
US Private Placement Notes	**10.9**	**10.2**	**126.8**	**231.8**	**319.9**	**699.6**	**571.0**
Trade payables	**351.7**	–	–	–	–	**351.7**	**351.7**
Other payables (financial liabilities)	**373.0**	–	–	–	–	**373.0**	**373.0**
Derivative financial liabilities							
Foreign exchange contracts	**0.6**	**0.7**	**0.7**	**0.2**	–	**2.2**	**2.2**
Interest rate and cross currency swaps	**0.8**	**2.1**	**4.8**	**7.4**	–	**15.1**	**6.8**
Total financial liabilities	**765.2**	**26.4**	**157.7**	**481.6**	**725.5**	**2,156.4**	**1,886.7**
2018							
Non-derivative financial liabilities							
Bank loans[1]	1.2	–	90.0	184.1	–	275.3	270.7
Finance leases	4.3	4.3	8.5	25.6	57.5	100.2	76.7
Other loans	–	–	0.6	–	–	0.6	0.6
US Private Placement Notes	10.4	9.7	19.4	157.3	489.6	686.4	544.3
Trade payables	315.7	–	–	–	–	315.7	315.7
Other payables (financial liabilities)	387.2	–	–	–	–	387.2	387.2
Derivative financial liabilities							
Foreign exchange contracts	0.3	0.6	0.6	–	–	1.5	1.5
Interest rate and cross currency swaps	0.6	1.4	2.7	8.2	1.4	14.3	12.7
Total financial liabilities	719.7	16.0	121.8	375.2	548.5	1,781.2	1,609.4

1. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $499.6 million (F18: $274.1 million) against capitalised facility finance costs of $6.9 million (F18: $3.4 million) to be amortised over the facility period.

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

Nature of the risk

The Group is exposed to interest rate risk principally from floating rate borrowings, including bank borrowings and US Private Placement Notes. Other sources of interest rate risk include receivable purchasing agreements, interest-bearing investments, creditors' accounts offering a discount and debtors' accounts on which discounts are offered.

Risk management

We manage interest rate risk by ensuring that the sensitivity of forecast future earnings to changes in interest rates is within acceptable limits. This involves longer term forecasting of both expected earnings and expected borrowing to determine the tolerable exposure.

A combination of interest rate swaps were exchanged to obtain the desired ratio of fixed and floating interest rates. At 30 June 2019, interest rate swap contracts were in use to exchange fixed interest rates to floating on $356.9 million (US$250 million) of US Private Placement notes and floating interest rates to fixed on $142.7 million (US$100 million). The swaps mature in December 2023, June 2027 and June 2029. During the year cross currency interest rate swaps were used to exchange floating USD interest on a portion of the USD syndicated debt facility of US$120 million into AUD fixed rate of $166.6 million with maturities in November 2023. Please refer note 23(a) for the profile and timing of cash flows over the next five years.

Level of exposure at balance date

The Group's exposure to variable interest rate risk results from the following financial instruments at balance sheet date:

	2019 $M	2018 $M
Financial assets		
Cash and cash equivalents	**401.8**	89.4
Total assets	**401.8**	89.4
Financial liabilities		
US Private Placement Notes[1]	**285.5**	272.1
Bank loans[1]	**328.3**	274.1
Total liabilities	**613.8**	546.2

1. Net of hedged amounts.

Sensitivity analysis

The table below shows the impact by currency denomination if the Group's weighted average floating interest rates change from the year-end rates of 2.14% (F18: 1.78%) with all other variables held constant.

	SENSITIVITY		PRE-TAX IMPACT ON PROFIT			
	2019	2018	2019		2018	
CURRENCY			+ $M	– $M	+ $M	– $M
USD	**+ / – 25bp**	+ / – 25bp	**(1.4)**	**1.4**	(0.7)	0.7
AUD	**+ / – 25bp**	+ / – 25bp	**0.7**	**(0.7)**	(0.3)	0.3

The movements in profit on a consolidated level are primarily a result of interest costs from borrowings. There would have been no significant impact on equity.

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk

Nature of the risk

The Group is exposed to foreign exchange risk through:

- Transaction exposures including sales of wine into export markets and the purchase of production inputs, denominated in foreign currencies other than the respective functional currency of the specific Group entity;
- Exposures arising from borrowings denominated in foreign currencies; and
- Translation exposures including earnings of foreign subsidiaries and revaluation of monetary assets and liabilities, including borrowings.

The currencies in which these transactions are primarily denominated are the Australian Dollar (AUD), United States Dollar (USD) and Great British Pound (GBP). Other currencies used include the Canadian Dollar, Euro, New Zealand Dollar, Singapore Dollar, Swedish Krona, Norwegian Krone, Chinese Renminbi and South African Rand.

Risk management

The focus of the Group's foreign exchange risk management activities is on the transactional exposures arising from the sourcing and sale of wine.

A proportion of expenses are hedged over time up to a period of three years. The nominal amount and average hedge rate of the instruments in place at 30 June 2019 are disclosed in the following table.

In determining the amount of hedging required, the Group also considers the 'natural hedges' arising from the underlying net cash flows in the relevant currency, comprising operating, investing and financing cash flows.

Details of the Group's open hedges at balance sheet date are shown below.

Open foreign currency hedges at 30 June 2019

CURRENCY	HEDGE TYPE	HEDGE VALUE (NOTIONAL AUD) $M	AVERAGE HEDGE RATE
AUD/USD	Forwards	8.3	0.7104
	Options	419.7	0.6954
	Total	**428.0**	
AUD/GBP	Forwards	111.6	0.5406
	Options	182.3	0.5563
	Total	**293.9**	

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk (continued)

Level of exposure at balance date

At the reporting date, the Group's financial assets and liabilities were denominated across the following currencies:

ALL BALANCES TRANSLATED TO AUD	AUD $M	USD $M	GBP $M	OTHER $M	TOTAL $M
2019					
Net debt					
Cash and cash equivalents	**273.8**	**75.6**	**10.9**	**41.5**	**401.8**
Loan receivable	**0.7**	–	–	–	**0.7**
Bank loans[1]	**1.8**	**(494.5)**	–	–	**(492.7)**
US Private Placement Notes (net of fair value hedge)	–	**(571.0)**	–	–	**(571.0)**
Lease liabilities	**(0.1)**	**(75.0)**	–	–	**(75.1)**
Other loan payable	**(14.2)**	–	–	–	**(14.2)**
Net debt	**262.0**	**(1,064.9)**	**10.9**	**41.5**	**(750.5)**
Other financial assets/(liabilities)					
Trade receivables (net of allowance for expected credit loss)	305.8	116.1	73.2	48.1	543.2
Other receivables	36.2	52.5	0.6	2.1	91.4
Trade and other payables	(306.7)	(349.8)	(70.3)	(53.9)	(780.7)
Net other assets/(liabilities)	**35.3**	**(181.2)**	**3.5**	**(3.7)**	**(146.1)**
2018					
Net debt					
Cash and cash equivalents	26.2	26.2	0.6	36.4	89.4
Loan receivable	0.6	–	–	–	0.6
Bank loans[1]	(151.8)	(118.9)	–	–	(270.7)
US Private Placement Notes (net of fair value hedge)	–	(544.3)	–	–	(544.3)
Lease liabilities	(0.1)	(76.4)	–	(0.2)	(76.7)
Other loan payable	(0.6)	–	–	–	(0.6)
Net debt	**(125.7)**	**(713.4)**	**0.6**	**36.2**	**(802.3)**
Other financial assets/(liabilities)					
Trade receivables (net of allowance for expected credit loss)	238.0	115.0	48.4	66.1	467.5
Other receivables	59.3	17.1	1.0	16.7	94.1
Trade and other payables	(323.4)	(322.8)	(58.5)	(54.6)	(759.3)
Net other assets/(liabilities)	**(26.1)**	**(190.7)**	**(9.1)**	**28.2**	**(197.7)**

1. Includes capitalised borrowing costs of $6.9 million (F18: $3.4 million).

Sensitivity analysis

The following table illustrates the impact of potential foreign exchange movements on profit before tax and the statement of financial position at 30 June:

	SENSITIVITY ASSUMPTION[1]		PRE-TAX IMPACT ON PROFIT $M				IMPACT ON EQUITY $M			
	2019	2018	2019		2018		2019		2018	
CURRENCY			+	–	+	–	+	–	+	–
United States Dollar	**8.2%**	9.2%	**(0.8)**	**1.0**	(2.7)	3.2	**(45.8)**	**58.4**	(56.8)	71.5
Great Britain Pound	**9.9%**	9.0%	**(0.1)**	**0.1**	(1.6)	1.9	**(14.3)**	**19.9**	(9.0)	13.5
Euro	**7.1%**	8.0%	**(0.3)**	**0.4**	(0.7)	0.8	**0.3**	**0.4**	(2.7)	3.2
Canadian Dollar	**6.2%**	7.2%	**(1.2)**	**1.3**	(1.5)	1.8	**1.0**	**(1.1)**	1.4	(1.6)
New Zealand Dollar	**5.4%**	6.3%	**(0.1)**	**0.2**	(0.6)	0.7	**(6.9)**	**7.7**	(6.0)	6.8

1. Australian dollar versus individual currencies. Implied one year currency volatility at reporting date (Source: Bloomberg).

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk

Nature of the risk

Counterparty credit risk arises primarily from the following assets:

- Cash and cash equivalents;
- Trade and other receivables; and
- Derivative instruments.

Risk management

The Group's counterparty credit risk management philosophy is to limit the Group's loss from default by any one counterparty by dealing only with financial institution counterparties of good credit standing, setting maximum exposure limits for each counterparty, and taking a conservative approach to the calculation of counterparty credit limit usage. Where available, credit opinions on counterparties from two credit rating agencies are used to determine credit limits.

The Group assesses the credit quality of individual customers prior to offering credit terms and continues to monitor on a regular basis. Each customer is assigned a risk profile based upon the measurable risk indicators for dishonoured payments, adverse information and average days late along with the securities and guarantees held. All prospective accounts are required to complete a credit application and generally a director's guarantee is required with minimal exceptions. Failure to provide a director's guarantee results in either no credit or a limited level of credit offered. Credit terms may be reduced or extended for individual customers on the basis of risk.

Past due accounts are subject to a number of collection activities which range from telephone contact, suspension of orders through to legal action. Past due accounts are reviewed monthly with specific focus on accounts that are greater than 90 days overdue. Where debt cannot be recovered, it is escalated from the credit representative to the credit manager to initiate recovery action.

For derivatives, the Group transacts under an International Swaps and Derivatives Association (ISDA) master netting agreement. If a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

Level of exposure at balance date

The maximum counterparty credit risk exposure at 30 June 2019 in respect of derivative financial instruments was $3.4 million (F18: $2.5 million) and in respect of cash and cash equivalents was $110.0 million (F18: $55.9 million). The Group's authorised counterparties are restricted to banks and financial institutions whose long term credit rating is at or above a Standard and Poors rating of A- (or Moody's equivalent rating of A3), with any exceptions requiring approval from the Board. Commercial paper investments are restricted to counterparties whose short term credit rating is at or above a Standard and Poor's rating of A-1 (or Moody's equivalent rating of P-2). The magnitude of credit risk in relation to receivables is generally the carrying amount, net of any allowance for expected credit loss. The ageing of the consolidated Group trade receivables (net of provisions) is outlined below:

	2019 $M	2018 $M
Not past due	**489.1**	432.1
Past due 1–30 days	**29.7**	28.3
Past due 31–60 days	**9.4**	3.2
Past due 61 days+	**15.0**	3.9
Total	**543.2**	467.5

Trade receivables have been aged according to their due date. Terms may be extended on a temporary basis with the approval of management. The past due receivables shown above relate to customers who have a good debt history and are considered recoverable. There is no collateral held as security against the receivables above and there are no other receivables past due.

NOTE 24 – DERIVATIVE FINANCIAL INSTRUMENTS

At reporting date, there were $721.9 million (Australian dollar equivalent) net face value of outstanding foreign exchange contracts at contract rates (F18: $541.2 million), interest rate swaps of $499.6 million (F18: $476.3 million) and cross currency interest rate swaps of $171.3 million (F18: Nil). These instruments are Level 2 under AASB's Fair Value measurement hierarchy.

NOTE 25 – FAIR VALUES

The fair values of cash and cash equivalents, financial assets and most financial liabilities approximate their carrying value. The fair value of the US Private Placement Notes is $637.1 million (F18: $581.8 million) and the fair value of the syndicated debt facility is $544.5 million (F18: nil). There have been no reclassifications of financial assets from fair value to cost, or from cost or amortised cost to fair value during the year.

The fair values of derivative financial instruments are based upon market prices, or models using inputs observed from the market, where markets exist or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles (a Level 2 valuation).

The valuation of derivative financial assets and liabilities reflects the estimated amounts which the Group would be required to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques.

As the purpose of these derivative financial instruments is to hedge the Group's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely in the absence of abnormal circumstances that these contracts would be terminated prior to maturity.

For all other recognised financial assets and financial liabilities, based on the facts and circumstances existing at reporting date and the nature of the Group's financial assets and financial liabilities including hedge positions, the Group has no reason to believe that the financial assets could not be exchanged, or the financial liabilities could not be settled, in an arm's length transaction at an amount approximating its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GROUP COMPOSITION

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 26 – SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

ENTITY NAME	COUNTRY OF INCORPORATION
Equity holding of 100% (F18: 100%)	
Aldershot Nominees Pty. Ltd.*	Australia
B Seppelt & Sons Limited*	Australia
Beringer Blass Distribution S.R.L.	Italy
Beringer Blass Italia S.R.L.	Italy
Beringer Blass Wine Estates Chile Limitada	Chile
Beringer Blass Wine Estates Limited	UK
Beringer Blass Wines Pty. Ltd.*	Australia
Bilyara Vineyards Pty. Ltd.*	Australia
Cellarmaster Wines (UK) Limited	UK
Cellarmaster Wines Holdings (UK) Limited	UK
Coldstream Australasia Limited*	Australia
Cuppa Cup Vineyards Pty. Ltd.	Australia
Devil's Lair Pty. Ltd.	Australia
Ewines Pty. Ltd.	Australia
FBL Holdings Limited	UK
Il Cavaliere del Castello di Gabbiano S.r.l.	Italy
Interbev Pty. Ltd.*	Australia
James Herrick Wines Limited	UK
Leo Buring Pty. Ltd.	Australia
Lindeman (Holdings) Limited*	Australia
Lindemans Wines Pty. Ltd.	Australia
Mag Wines Pty. Ltd	Australia
Majorca Pty. Ltd.*	Australia
Mildara Holdings Pty. Ltd.*	Australia
North America Packaging (Pacific Rim) Corporation	USA
Penfolds Wines Pty Ltd	Australia
Piat Pere et Fils B.V.	Netherlands
Premium Land, Inc.	USA
Robertsons Well Pty. Ltd.	Australia
Robertsons Well Unit Trust	Australia
Rosemount Estates Pty. Ltd.	Australia
Rothbury Wines Pty. Ltd.*	Australia
SCW905 Limited*	Australia
Seaview Wynn Pty. Ltd.*	Australia
Southcorp Australia Pty. Ltd.*	Australia
Southcorp Brands Pty. Ltd.*	Australia
Southcorp International Investments Pty. Ltd.*	Australia
Southcorp Limited*	Australia
Southcorp NZ Pty. Ltd.*	Australia
Southcorp Whitegoods Pty. Ltd.	Australia
Southcorp Wines Asia Pty. Ltd.	Australia
Southcorp Wines Europe Limited	UK
Southcorp Wines Pty. Ltd.*	Australia
Southcorp XUK Limited	UK
T'Gallant Winemakers Pty. Ltd.	Australia
The New Zealand Wine Club Limited	UK
The Rothbury Estate Pty. Ltd.*	Australia
Tolley Scott & Tolley Limited*	Australia
Treasury Americas Inc	USA

NOTE 26 – SUBSIDIARIES (CONTINUED)

ENTITY NAME	COUNTRY OF INCORPORATION
Treasury Chateau & Estates LLC	USA
Treasury Logistics Pty Ltd*	Australia
Treasury Wine Estates (China) Holding Co Pty Ltd*	Australia
Treasury Wine Estates (Matua) Limited	New Zealand
Treasury Wine Estates (NZ) Holding Co Pty Ltd*	Australia
Treasury Wine Estates (Shanghai) Trading Co. Ltd.	China
Treasury Wine Estates (UK) Holding Co Pty Ltd*	Australia
Treasury Wine Estates Americas Company	USA
Treasury Wine Estates Asia (SEA) Pte Ltd	Singapore
Treasury Wine Estates Asia Pty. Ltd.	Australia
Treasury Wine Estates Australia Limited*	Australia
Treasury Wine Estates Barossa Vineyards Pty. Ltd.	Australia
Treasury Wine Estates Canada, Inc.	Canada
Treasury Wine Estates Denmark ApS	Denmark
Treasury Wine Estates EMEA Limited	UK
Treasury Wine Estates France S.A.R.L.	France
Treasury Wine Estates HK Limited	Hong Kong
Treasury Wine Estates Holdings Inc.	USA
Treasury Wine Estates Japan KK	Japan
Treasury Wine Estates Limited*	Australia
Treasury Wine Estates Netherlands B.V	Netherlands
Treasury Wine Estates Norway AS	Norway
Treasury Wine Estates Sweden AB	Sweden
Treasury Wine Estates UK Brands Limited	UK
Treasury Wine Estates Vintners Limited*	Australia
TWE Finance (Aust) Limited*	Australia
TWE Finance (UK) Limited	UK
TWE Insurance Company Pte. Ltd.	Singapore
TWE Lima Pty Ltd*	Australia
TWE Share Plans Pty Ltd	Australia
TWE US Finance Co.	USA
TWE USA Partnership	USA
Wolf Blass Wines Pty. Ltd.*	Australia
Woodley Wines Pty. Ltd.	Australia
Wynn Winegrowers Pty. Ltd.	Australia
Wynns Coonawarra Estate Pty. Ltd	Australia

* Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to Note 28) and relieved from the requirement to prepare audited financial statements by ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

Equity holding of less than 100%

ENTITY NAME	COUNTRY OF INCORPORATION	% OF HOLDING 2019	% OF HOLDING 2018
Fiddlesticks LLC	USA	**50.0**	50.0
Graymoor Estate Joint Venture	Australia	**48.8**	48.8
Graymoor Estate Pty. Ltd.	Australia	**48.8**	48.8
Graymoor Estate Unit Trust	Australia	**48.8**	48.8
North Para Environment Control Pty. Ltd.	Australia	**69.9**	69.9

NOTE 27 – PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019 $M	2018 $M
Balance sheet		
Current assets	**827.0**	5,945.6
Total assets	**8,933.1**	8,296.7
Current liabilities	**5,343.3**	4,858.2
Total liabilities	**5,343.3**	4,858.2
Net assets	**3,589.8**	3,438.5
Shareholders' equity		
Issued capital	**3,247.3**	3,240.5
Share based payments reserve	**(34.6)**	(9.4)
Retained earnings	**377.1**	207.4
Total equity	**3,589.8**	3,438.5
Profit for the year	**421.0**	91.4
Total comprehensive income	**421.0**	91.4

Current liabilities comprise balances with other entities within the Group. These balances will not be called within the next 12 months.

(b) Financial guarantees

Refer note 17 for financial guarantees to banks, financiers and other persons.

(c) Tax consolidation legislation

The Company formed a consolidated group for income tax purposes with each of its Australian resident subsidiaries on 21 May 2011. The Company and the controlled entities in the tax consolidation group continue to account for current and deferred tax amounts separately. These tax amounts are measured on a 'group allocation' approach, under which the current and deferred tax amounts for the tax-consolidated group are allocated among each reporting entity in the Group.

(d) Capital commitments

There are no capital commitments for the Company (F18: nil).

NOTE 28 – DEED OF CROSS GUARANTEE

Under the terms of ASIC Corporations (Wholly owned Companies) Instrument 2016/785, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. It is a condition of the class order that the Company and each of the relevant subsidiaries enter into a Deed of Cross Guarantee whereby each company guarantees the debts of the companies party to the Deed. The member companies of the Deed of Cross Guarantee are regarded as the 'Closed Group' and identified in Note 26.

A summarised consolidated statement of profit or loss and other comprehensive income, retained earnings reconciliation and a consolidated statement of financial position, comprising the Company and those controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2019 are set out below.

	2019 $M	2018 $M
Extract of the statement of profit or loss and other comprehensive income		
Profit before tax	**453.6**	416.1
Income tax expense	**(137.8)**	(100.7)
Net profit after tax	**315.8**	315.4
Retained earnings at beginning of the year	**100.6**	(11.1)
External dividends	**(251.3)**	(203.7)
Retained earnings at end of the year	**165.1**	100.6

NOTE 28 – DEED OF CROSS GUARANTEE (CONTINUED)

	2019 $M	2018 $M
Statement of financial position		
Current assets		
Cash and cash equivalents	**273.1**	23.7
Receivables	**296.9**	1,146.3
Inventories	**482.7**	441.3
Investments	**1.9**	1.8
Assets held for sale	–	29.1
Other current assets	**4.4**	3.2
Total current assets	**1,059.0**	1,645.4
Non-current assets		
Inventories	**569.9**	542.8
Investments	**2,257.5**	2,477.3
Property, plant and equipment	**541.4**	529.4
Intangible assets	**426.4**	410.5
Deferred tax assets	**27.8**	29.4
Other non-current assets	**1.1**	1.6
Total non-current assets	**3,824.1**	3,991.0
Total assets	**4,883.1**	5,636.4
Current liabilities		
Trade and other payables	**308.6**	318.3
Borrowings	**550.6**	1,618.6
Current tax liabilities	**89.2**	51.0
Provisions	**28.9**	27.5
Other current liabilities	**4.7**	3.8
Total current liabilities	**982.0**	2,019.2
Non-current liabilities		
Borrowings	**495.3**	263.0
Deferred tax liabilities	**16.2**	18.3
Other non-current liabilities	**10.3**	4.9
Total non-current liabilities	**521.8**	286.2
Total liabilities	**1,503.8**	2,305.4
Net assets	**3,379.3**	3,331.0
Equity		
Contributed equity	**3,247.3**	3,240.5
Reserves	**(33.1)**	(10.1)
Retained earnings	**165.1**	100.6
Total equity	**3,379.3**	3,331.0

Current borrowings comprise balances with other entities within the Group. These balances will not be called within the next 12 months.

NOTE 29 – RELATED PARTY DISCLOSURES

Ownership interests in related parties

All material ownership interests in related parties are disclosed in note 26 to the financial statements.

Parent entity

The ultimate parent entity is Treasury Wine Estates Limited, which is domiciled and incorporated in Australia.

Transactions with entities in the wholly-owned Group

Transactions between companies within the Group during the current and prior year included:

- Purchases and sales of goods and services; and
- Provision of accounting and administrative assistance.

Transactions with controlled entities are made on normal commercial terms and conditions.

Transactions with other related parties

The Group entered into transactions which are insignificant in amount with executives, non-executive Directors and their related parties within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available in similar arm's length dealings.

There were no other transactions with related parties during the current year.

Key management personnel compensation

The following table shows the compensation paid or payable to the key management personnel ('executives') of the Group.

	2019 $	2018 $
Short-term employee benefits	**9,734,012**	9,503,303
Post-employment benefits	**54,272**	53,126
Share based payments	**5,306,803**	7,022,129
Total	**15,095,087**	16,578,558

Additionally, compensation paid to non-executive directors was $1,845,107 (F18: $1,703,306).

NOTE 30 – REMUNERATION OF AUDITORS

The Audit and Risk Committee has completed an evaluation of the overall effectiveness and independence of the external auditor, KPMG. As part of this process, the external auditor has provided a written statement that no professional engagement with the Group has been carried out which would impair their independence as auditor. The Chairman of the Audit and Risk Committee has advised the Board that the Committee's assessment is that the auditor is independent.

During the year, the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

	2019 $	2018 $
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**1,452,298**	1,502,220
Associate firms of Auditor	**397,702**	447,951
Other assurance services	**51,000**	–
Audit and review services	**1,901,000**	1,950,171
Other non-audit services	**346,348**	160,797
Total	**2,247,348**	2,110,968

The Group engages KPMG to provide other non-audit services where their expertise and experience best qualifies them to provide the appropriate service and as long as stringent independence requirements are satisfied. In the year ended 30 June 2019, KPMG earned fees in respect to the provision of advisory and taxation services.

NOTE 31 – OTHER ACCOUNTING POLICIES

New accounting standards and interpretations

Since 30 June 2018, the Group has adopted the following new and amended accounting standards.

REFERENCE	TITLE	APPLICATION
AASB 15	*Revenue from Contracts with Customers*	1 January 2018
AASB 2014-5	*Amendments to Australian Accounting Standards arising from AASB 15*	1 January 2018
AASB 2015-8	*Amendments to Australian Accounting Standards – Effective Date of AASB 15*	1 January 2018
AASB 2016-3	*Amendments to Australian Accounting Standards – Clarifications to AASB 15*	1 January 2018
AASB 9	*Financial Instruments (December 2014)*	1 January 2018
AASB 2014-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*	1 January 2018
AASB 2016-5	*Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	1 January 2018

The adoption of these standards did not have a significant impact on the consolidated financial statements.

Issued but not yet effective accounting standards

The following relevant accounting standards have recently been issued or amended but are not yet effective and have not been adopted for this year-end reporting period.

REFERENCE	TITLE	APPLICATION
AASB 16	*Leases*	1 January 2019
Interpretation 23	*Uncertainty over Income Tax Treatments*	1 January 2019
AASB 2017-4	*Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*	1 January 2019
AASB 9	*Prepayment Features with Negative Compensation (Amendments to IFRS 9)*	1 January 2019
AASB 128	*Long-term Interests in Associates and Joint Ventures (Amendments to AASB 128)*	1 January 2019
AASB 119	*Plan Amendment, Curtailment or Settlement (Amendments to AASB 119)*	1 January 2019
	Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards	1 January 2019
	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
AASB 10 and AASB 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*	1 January 2022

Other than the impact of AASB 16 *Leases* outlined below, these standards are not expected to have a material impact on the Group's financial position or its performance.

AASB 16 *Leases*

AASB 16 *Leases* was released in February 2016 by the Australian Accounting Standards Board. This standard removes the lease classification test for lessees and requires the Group to bring all material leases with lease terms greater than one year onto the balance sheet. There is also new guidance on when an arrangement would meet the definition of a lease.

The new standard is mandatory for annual reporting periods beginning after 1 January 2019. The Group will be required to recognise new assets and liabilities for its operating leases including vineyards, buildings, equipment and motor vehicles, and the nature of the expenses related to those leases will change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for the right-of-use assets and interest expense on the lease liabilities.

The Group intends to apply the full retrospective transition option which requires the restatement of comparative information.

NOTE 31 – OTHER ACCOUNTING POLICIES (CONTINUED)

Issued but not yet effective accounting standards (continued)

AASB 16 *Leases (continued)*

The Group has performed an assessment of the impact on its consolidated financial statements and expects the impact to be as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)	30 JUNE 2019 $M	INCREASE/ DECREASE $M	30 JUNE 2019 $M RESTATED
Cost of sales	(1,660.8)	15.2	(1,645.6)
Other expenses	(14.7)	3.5	(11.2)
Finance costs	(99.4)	(33.7)	(133.1)
Profit before tax	591.0	(15.0)	576.0
Income tax expense	(171.5)	3.8	(167.7)
Net profit attributed to members of Treasury Wine Estates Limited	419.5	(11.2)	408.3
Earnings per share for profit attributed to the ordinary equity holders of the Company			
• Basic	58.4	(1.6)	56.8
• Diluted	58.1	(1.5)	56.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)	30 JUNE 2019 $M	INCREASE/ DECREASE $M	30 JUNE 2019 $M RESTATED
Assets			
Current and non current inventory	2,092.9	(45.2)	2,047.7
Property, plant and equipment	1,398.7	507.1	1,905.8
Liabilities			
Trade and other payables	780.7	(62.1)	718.6
Provisions	45.8	(2.1)	43.7
Net deferred tax liability	41.8	(28.6)	13.2
Current and non current borrowings	1,165.1	629.4	1,794.5
Equity			
Other reserves	33.8	(5.7)	28.1
Retained earnings	424.4	(69.0)	355.4

CONSOLIDATED STATEMENT OF CASH FLOWS (EXTRACT)	30 JUNE 2019 $M	INCREASE/ DECREASE $M	30 JUNE 2019 $M RESTATED
Payment to suppliers, governments and employees	(3,110.0)	81.5	(3,028.5)
Interest paid	(43.8)	(33.7)	(77.5)
Repayment of borrowings	(492.2)	(47.8)	(540.0)

Other accounting policies

Finance income

Finance income is recognised as the interest accrues (using the effective interest method, which applies a rate that discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Finance costs

Finance costs are recognised as an expense when they are incurred, except for interest charges attributable to major projects with substantial development and construction phases, which are capitalised as part of the cost of the asset.

Financial assets

A financial asset is classified as at fair value through profit or loss or fair value through other comprehensive income unless it meets the definition of amortised cost. This is determined on initial recognition.

Financial assets classified as at amortised cost are measured initially at fair value and adjusted in respect of any incremental and directly attributable transaction costs. All other financial assets are measured at fair value on initial recognition.

Reclassification occurs only if there are fundamental changes to the Group's business model for managing financial assets.

NOTE 31 – OTHER ACCOUNTING POLICIES (CONTINUED)

Other accounting policies (continued)

Amortised cost

A financial asset is classified as at amortised cost only if the asset is held to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

A financial asset is measured at amortised cost using the effective interest rate method. Any gains and losses are recognised through the amortisation process or when the financial asset is derecognised or impaired.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are determined using historical recovery of contractual cash flows and the amount of loss incurred, adjusted for current economic and credit conditions.

An impairment loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Impairment losses on assets classified as amortised cost are recognised in profit or loss when they are expected, not when they are incurred. If a later event causes the impairment loss to decrease, the amount is reversed in profit or loss.

Derecognition of financial assets

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial instrument.

This is normally the case when the instrument is sold or all the cash flows attributable to the instrument are passed through to an independent third party.

Derivatives

The Group uses derivative financial instruments such as foreign currency contracts, interest rate swaps and options to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are carried at fair value and are financial assets when the fair value is positive and financial liabilities when the fair value is negative.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

Hedge accounting

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction; or hedges of a net investment in a foreign operation.

Initial recognition

At the beginning of a hedge relationship, the Group designates and documents the hedge relationship and the related risk management objective and strategy. The documentation identifies the hedging instrument and the hedged item as well as describing the economic relationship, the hedge ratio between them and potential sources of ineffectiveness. The documentation also includes the nature of the risk being hedged and the method of assessing the hedging instrument's effectiveness. To achieve hedge accounting, the relationship must be expected to be highly effective and are assessed on an ongoing basis to determine that they continue to meet the risk management objective.

Re-balancing

If the hedge ratio for risk management purposes is no longer met but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the Group will rebalance the relationship by adjusting either the volume of the hedged item or the volume of the hedging instrument.

Discontinuation

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year.

Gains or losses recognised directly in equity are reclassified into profit and loss in the same period or periods the foreign currency risk affects consolidated profit and loss.

Fair value hedges

For fair value hedges (for example, interest rate swaps), any gain or loss from remeasuring the hedging instrument is recognised immediately in the statement of profit or loss and other comprehensive income. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the statement of profit or loss and other comprehensive income such that it is fully amortised by maturity.

Cash flow hedges

In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the statement of profit or loss and other comprehensive income.

When the hedged item gives rise to the recognition of an asset or a liability, the associated deferred gains or losses are included in the initial measurement of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the statement of profit or loss and other comprehensive income in the same period in which the hedged firm commitment affects the profit and loss, for example when the future sale actually occurs.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

In the Directors' opinion:

(a) The financial statements and notes 1 to 31 are in accordance with the *Corporations Act 2001,* including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date.

(b) There are reasonable grounds to believe that Treasury Wine Estates Limited will be able to pay its debts as and when they become due and payable; and

(c) There are reasonable grounds to believe that members of the Closed Group identified in note 26 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee described in note 28.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.

Paul Rayner	**Michael Clarke**
Chairman	*Chief Executive Officer*

28 August 2019

KPMG

Independent Auditor's Report

To the shareholders of Treasury Wine Estates Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Treasury Wine Estates Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2019;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters	
The ***Key Audit Matters*** we identified are: • Valuation of inventory; and • Recognition of discounts and rebates.	***Key Audit Matters*** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventory (total finished goods and work in progress inventory was $2,032.2 million	
Refer to Note 9 *Working Capital* to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

The valuation of inventories of finished goods and work in progress is a key audit matter as we need to consider estimates and judgements made by the Group. These include inherently subjective judgements about forecast demand and estimated market sales prices at the time the wine is expected to be sold. We focus our work on assessing the judgements contained in the valuation models for:
• the period of time over which some harvested grapes are converted from work in progress to bottled wine ready for sale (the holding period) which can be a number of years depending on the varietal and type of wine; and
• forecast demand and market sales prices, which can fluctuate significantly over the holding period and are influenced by the fundamentals of the global wine industry, including fluctuations in demand and supply and other factors that impact agricultural outputs. These factors influence the Group's determination of the most likely market conditions at the estimated date of sale. A key indicator for at-risk inventory values, including finished goods and work in progress in the holding period, is the identification of current slow moving and obsolete inventories. These can signal changes in consumer demand patterns or potential over-supply issues which may
	Our procedures included:
	• testing key controls designed by the Group to identify slow moving and obsolete inventories (including wine held by third party distributors and retailers), which if existing, may indicate valuation issues with work in progress and finished goods;
	• testing year-end inventory valuation models, in particular the identification and valuation of work in progress and finished goods considered to be 'at risk' (i.e. where the costs may potentially exceed the estimated net realisable value at the time of sale). We considered forecast sales plans, inventory holding reports (including wine held by third party distributors and retailers), committed future supply contracts and the outcomes of the Group's process to identify slow moving and obsolete inventories. For a sample of 'at risk' inventory we:
	  • evaluated the proposed inventory value against brand strategies and forecast sales plans for consistency;
	  • assessed the reasonableness of management's action plans in place to mitigate the risk that wine will be sold below cost and facilitate the sale of potential at risk inventory above cost;
	• assessing the integrity of the inventory valuation models used, including the

impact forecast prices.	mathematical accuracy of the underlying calculation formulas; ● comparing, by product grade, inventory volumes in significant markets to both recent and forecasted sales data to identify slow moving and potentially 'at risk' inventories, and assessing the computation of write-downs of inventory to net realisable value; ● attending cycle counts and / or year-end inventory counts in significant locations, which included observing the process of identifying slow moving and potentially obsolete inventory; ● comparing the estimated net realisable value of slow moving inventories identified in prior periods to actual sales outcomes subsequently achieved, to assess the historical accuracy of the Group's forecasting process; and ● assessing the Group's inventory valuation methodologies and the Group's disclosures in respect of inventory valuation against the requirements of relevant accounting standards.

Recognition of discounts and rebates (Net Sales revenue, which is net of trade discounts and volume rebates, was $2,831.6 million	
Refer to Note 3 *Revenue* of the Financial Report.	
The key audit matter	**How the matter was addressed in our audit**

The Group's policy is to record net sales revenue at the time goods are shipped to customers based on the price specified in the sales agreement, net of any estimated discount or rebate. In some cases, the discount or rebate will not be finally determined or paid until the inventory is depleted from the customer's warehouse, which may be some time after the Group's sale date to their customer. Sales agreement terms and historical trends are used by the Group to estimate the discounts. The impact of any one-off events are considered by the Group in the estimation of the accrual.
At year end, the Group estimates and accrues amounts for discounts and rebates they consider have been incurred and not yet paid. The Group's estimation of these amounts at the year-end is considered as a key audit matter due to the
	Our procedures included:
	● considering the appropriateness of the Group's accounting policy for the recognition and measurement of net sales revenue, including the policy for recording discounts and rebates, by assessing compliance with applicable accounting standards;
	● testing the estimation of discounts and rebates accruals. We used underlying documentation such as customer agreements, shipment and depletion data, claims for discounts and rebates along with cash payments made. We evaluated the estimate, for a sample of customers, by:
	  ● checking amounts to the agreements;
	  and

significance of the Group judgements applied and the number of unique customer arrangements that are in place. For example, the Group's judgement is required to estimate the accrual where discounts and rebates are dependent on customers achieving annual sales targets and the performance year does not align to the Group's financial year.	• analysing sales and depletion to date, and depletion programs expected to take place in future periods against sales budgets, depletion plans and actual claims, to assess the estimate of discounts and rebates incurred but not yet paid. • testing key controls in significant jurisdictions for calculating, reviewing and approving discounts and rebates; • assessing the integrity of the discount and rebate models used, including the mathematical accuracy of the underlying calculation formulas; • challenging the nature and quantum of the amounts recorded by reference to historical sales, rebates paid and discounts paid. We also tested, on a sample basis, the nature and level of such amounts back to contractually agreed terms; • assessing the accuracy of the accrual in previous years in order to challenge the Group's current year estimation processes; and • considering the Group's disclosures with respect to revenue, discounts and rebates accruals against accounting standard requirements.

Other Information

Other Information is financial and non-financial information in Treasury Wine Estates Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

KPMG

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Treasury Wine Estates Limited for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 44 to 63 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Gordon Sangster

Partner

Melbourne

28 August 2019

DETAILS OF SHAREHOLDERS, SHAREHOLDINGS AND TOP 20 SHAREHOLDERS

DETAILS OF SHAREHOLDERS AND SHAREHOLDINGS

Holding of securities

LISTED SECURITIES 7 AUGUST 2019	NO. OF HOLDERS	NO. OF SHARES	% HELD BY TOP 20
Fully paid ordinary shares	65,989	719,100,485	87.34

SIZE OF HOLDING	NUMBER
1 – 1,000	45,328
1,001 – 5,000	18,261
5,001 – 10,000	1,645
10,001 – 100,000	701
100,001 and over	54
Total	65,989

As at 7 August 2019, the number of shareholders holding less than a marketable parcel of $500 worth of shares, based on the closing market price on that date of $16.56 per share, is 622.

TWENTY LARGEST SHAREHOLDERS – 7 AUGUST 2019

RANK	SHAREHOLDER	NO. OF FULLY PAID ORDINARY SHARES	% OF FULLY PAID ORDINARY SHARES
1	HSBC Custody Nominees (Australia) Limited	260,586,317	36.24
2	J P Morgan Nominees Australia Pty Limited	198,356,377	27.58
3	Citicorp Nominees Pty Limited	67,650,509	9.41
4	National Nominees Limited	33,021,406	4.59
5	BNP Paribas Noms Pty Ltd <DRP>	20,401,687	2.84
6	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	14,054,625	1.95
7	HSBC Custody Nominees (Australia) Limited – GSCO ECA	9,323,483	1.30
8	Australian Foundation Investment Company Limited	5,450,000	0.76
9	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,650,437	0.51
10	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	2,774,514	0.39
11	AMP Life Limited	1,919,962	0.27
12	HSBC Custody Nominees (Australia) Limited	1,685,476	0.23
13	Avanteos Investments Limited <Encircle IMA A/C>	1,645,815	0.23
14	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	1,457,726	0.20
15	Milton Corporation Limited	1,206,363	0.17
16	UBS Nominees Pty Ltd	1,128,189	0.16
17	Mutual Trust Pty Ltd	987,520	0.14
18	HSBC Custody Nominees (Australia) Limited – A/C 2	963,965	0.13
19	CPU Share Plans Pty Ltd <TWE Unallocated A/C>	923,077	0.13
20	Netwealth Investments Limited <Wrap Services A/C>	787,680	0.11
Total		**627,975,128**	**87.34**

SUBSTANTIAL SHAREHOLDERS – 7 AUGUST 2019

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving the notice under Part 6C.1 of the Corporations Act.

INSTITUTION	INTEREST (% OF ISC)
The Capital Group Companies	9.65
Blackrock Group	6.21
The Vanguard Group	5.00

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Wednesday 16 October 2019 (AEDT). Full details are contained in the Company's Notice of Meeting provided to shareholders and available on the Company's website prior to the meeting.

VOTING RIGHTS

Shareholders are encouraged to attend the Annual General Meeting, however, when this is not possible, they can use the proxy form by which they can express their views.

Shareholders may also lodge a proxy electronically either via www.investorvote.com.au using the details printed on their personalised proxy form or www.tweglobal.com (in the AGM section under the Investors menu) or www.intermediaryonline.com for custodian voting (subscribers only).

Every shareholder present personally or by proxy, attorney or representative has, on a poll, one vote for each fully paid share held.

SECURITIES EXCHANGE LISTING

Treasury Wine Estates Limited shares are listed on the Australian Securities Exchange under the code 'TWE'.

Treasury Wine Estates Limited ordinary shares are traded in the US in the form of American Depositary Receipts (ADR) issued by The Bank of New York Mellon as Depositary.

SHARE REGISTER AND OTHER ENQUIRIES

If you have any questions in relation to your shareholding, share transfers or dividends, please contact our share registry:

Computershare Investor Services Pty Limited
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067
Australia

Telephone: 1800 158 360 (Australia)
International: +61 3 9415 4208
Facsimile: +61 3 9473 2500
For faxing Proxy Forms only: +61 3 9473 2555 (outside Australia) or 1800 783 447 (within Australia)
Website: www.investorcentre.com/contact

Please include your securityholder reference number (SRN) or holder identification number (HIN) in all correspondence to the share registry.

For enquiries relating to the operations of the Company, please contact the Investor Relations team on:

Telephone: +61 3 8533 3000
Facsimile: +61 3 9654 7254
Email: investors@tweglobal.com
Website: www.tweglobal.com

Address: Level 8, 161 Collins Street
Melbourne Victoria 3000
Australia

ADR Depositary and Transfer Agent:
BNY Mellon Shareowner Services
462 South 4th Street, Suite 1600
Louisville KY 40202
United States of America
Postal address: PO Box 505000
Louisville KY 40233 – 5000
United States of America
Telephone: (1888 269 2377 – toll free) – (US)
International: +1 201 680 6825
Email: shrrelations@cpushareownerservices.com
Website: www-us.computershare.com/investor

ELECTRONIC COMMUNICATIONS

The Company has an online share registry facility where shareholders can:

- check their current and previous holding balances;
- update their address details;
- update their bank details;
- review their dividend history;
- confirm whether they have lodged a TFN/ABN exemption;
- elect to receive communications and Company information electronically and change their Annual Report election;
- download commonly used forms; and
- elect to receive email notification when dividend statements and issuer sponsored holding statements are available to view online.

To access the online share registry, log on to www.tweglobal.com, go to the Shareholder Information section located under the Investors menu and click the 'online share registry' icon. For security and privacy reasons, shareholders will be required to verify their identity before they can view their records.

TAX FILE NUMBERS, AUSTRALIAN BUSINESS NUMBERS OR EXEMPTIONS

Australian taxpayers who do not provide details of their tax file number will have any unfranked portions of dividends subjected to the top marginal personal tax rate plus Medicare levy (if applicable). It may be in the interests of shareholders to ensure that tax file numbers have been supplied to the share registry. Shareholders may request a form from the share registry or submit their details via the online share registry.

CHANGE OF ADDRESS

It is important for shareholders to notify the share registry of any change of address. As a security measure, the previous address should also be quoted as well as your securityholder reference number (SRN). Shareholders may access the online share registry to submit their details or download a personalised change of address form.

SHAREHOLDER WINE OFFER – CELLARDOOR.CO AND THECELLAR.CO

Shareholders in Australia and the US have the opportunity to purchase the Company's wines through Cellardoor.co and Thecellar.co respectively.

Cellardoor.co and Thecellar.co are exclusive members-only online wine communities for shareholders and family and friends of Treasury Wine Estates. The virtual cellar door provides 24/7 access to an exceptional range of wines from Treasury Wine Estates' award winning wineries at exclusive shareholder prices.

Shareholders in Australia can register for Cellardoor.co by visiting http://pub.wine.cellardoor.co/shareholderrego. Shareholders in the US can register for Thecellar.co by visiting https://thecellar.co/shareholders2019.

TREASURY WINE ESTATES LIMITED

ABN 24 004 373 862

COMPANY SECRETARY

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REGISTERED OFFICE

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NAPA VALLEY
CABERNET SAUVIGNON
2015
STERLING
VINEYARDS
LINDEMAN'S
BIN 65
CHARDONNAY
Beaulieu Vineyard
BV
GEORGES DE LATOUR
PRIVATE RESERVE
CABERNET SAUVIGNON
WYNNS
COONAWARRA ESTATE
Black Label
COONAWARRA
CABERNET SAUVIGNON
BERINGER
PRIVATE RESERVE
CABERNET SAUVIGNON
2015
NAPA VALLEY
MAISON DE GRAND ESPRIT
GRAND ESPRIT
SAINT-ESTÈPHE
2015
France
GRAND VIN DE BORDEAUX
CAVALIERE
D'ORO
CAMPANILE
PINOT GRIGIO
DELLE VENEZIE