



TREASURY WINE ESTATES

18 November 2021

ASX ANNOUNCEMENT

Acquisition of Frank Family Vineyards Investor Presentation

Enclosed are the presentation materials for the investor and analyst webcast and conference call to be hosted by Treasury Wine Estates commencing at 10:00am (AEDT) on 18 November 2021. Links to register for the conference are provided in the announcement titled 'TWE Announces Acquisition of Frank Family Vineyards' also lodged with the ASX today.

For the purposes of ASX Listing Rule 15.5, TWE confirms that this document has been authorised for release to the market by the Board.

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Acquisition of Frank Family Vineyards

18 NOVEMBER 2021

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Important information

The acquisition of Frank Family Vineyards ('FFV') by Treasury Wine Estates Limited ('TWE') as outlined in this presentation ('Transaction') is subject to the satisfaction or waiver of conditions precedent. Details of the key terms of the Transaction are outlined in the ASX announcement 'TWE announces the acquisition of Frank Family Vineyards' released on 18 November 2021.

Information

The material in this presentation is summary information about the Transaction, TWE and its subsidiaries and their activities, current as at the date of this presentation unless otherwise stated. It should be read in conjunction with TWE's other announcements filed with the Australian Securities Exchange, which are available at www.asx.com.au. No representation is made as to the accuracy, completeness or reliability of this presentation. This presentation should not be relied upon as a recommendation or forecast by TWE.

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This presentation contains certain forward looking statements, which may be identified by the use of terminology including but not limited to, 'intend', 'target', 'likely', 'could', 'aim', 'project', 'see', 'anticipate', 'estimate', 'plan', 'objective', 'believe', 'expect', 'may', 'should', 'will', 'would', 'continue' or similar words. Indicators of and guidance on future earnings and financial position, performance, illustrations of projected revenue contributions, internal management estimates, TWE's future developments and the market outlook are also forward-looking statements.

These forward looking statements are based on the information available as at the date of this presentation and 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.

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No offer of securities

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Transaction highlights

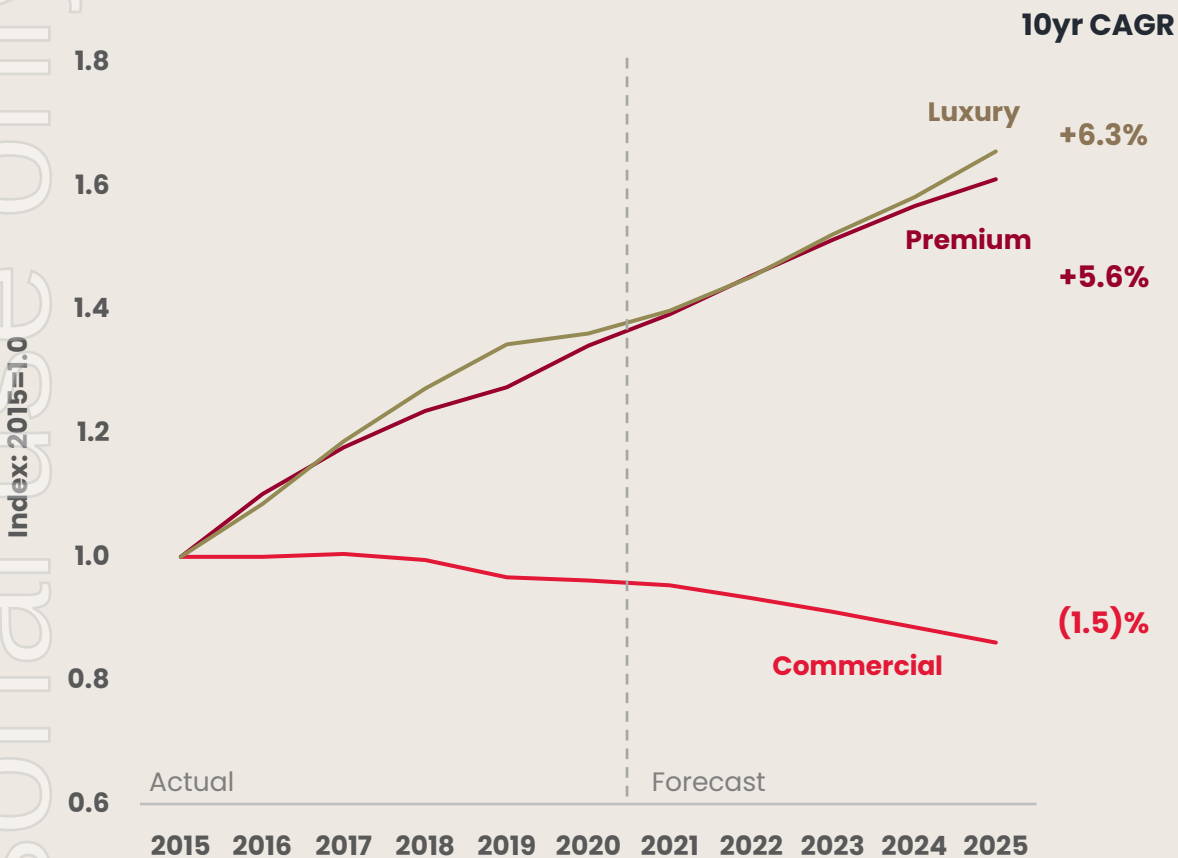
- Treasury Wine Estates has reached an agreement to acquire Frank Family Vineyards (“FFV”)
 - ✓ An iconic and highly acclaimed luxury wine business based in the Napa Valley, California
 - ✓ A strong track record of growth with a compelling 35-40% EBITs margin
 - ✓ Highly complementary to the Treasury Americas portfolio, filling an existing gap for luxury chardonnay
 - ✓ Treasury Americas is well-placed to enhance FFV’s growth given its leading luxury sales credentials, national distribution network and Californian asset base and sourcing model
- Transaction value US\$315m (A\$432m¹), implying an EV / F21 EBITDAS acquisition multiple of 13.2x
- EPS accretive from the acquisition date², with EBITs growth expected for FFV from F23, the first full year of ownership
- To be funded via a combination of debt and cash, including the proceeds of recent US asset divestments
- Acquisition expected to complete in December 2021, with a commitment to genuine ongoing involvement in the Treasury Americas business by FFV’s founders



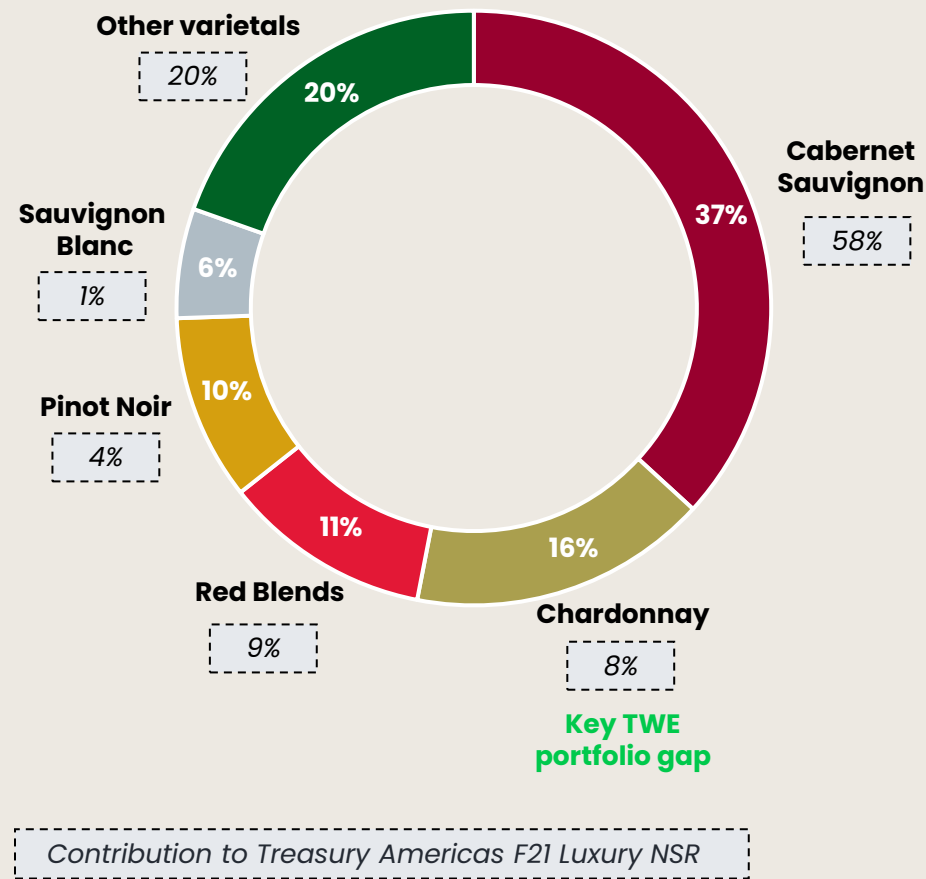
US wine market opportunity

The world's largest wine market, where growth is being led by the luxury price points

Ten year US wine market evolution (2015–2025F)¹



Key Luxury market varietals by size²



¹ IWSR 2021. Still, sparkling and fortified wine

² IRI Market Advantage, MULO+Convenience, Still wine, 52 weeks ending 3 October 2021 (US\$20+ retail price)

Evolution of Treasury Americas

Treasury Americas is now a premium focused business ready to invest in growth

A journey of asset, portfolio and cost optimisation that has transformed Treasury Americas

Delivered the future state premium wine business

Adjusted operating model and org structure

- A\$35m annual cost benefit delivered

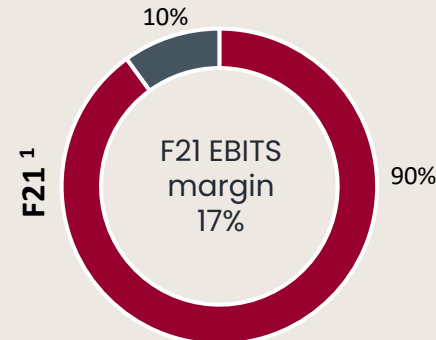
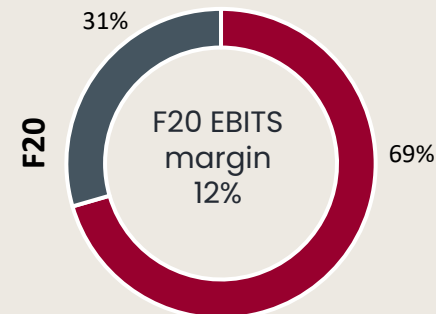
Divested non-priority brands and assets

- Includes divestment of commercial brand portfolio and other non-core brands
- Net cash proceeds of approximately A\$300m now confirmed

Restructured supply chain to reduce COGS

- A\$75m+ annualised global savings from F23 onwards to include Treasury Americas

Treasury Americas NSR



Luxury & Premium Commercial

Exploring opportunities to complement the TWE Ten portfolio and fill key gaps

FRANK FAMILY
VINEYARDS

- Enhances Treasury Americas leading luxury credentials
- Fills key portfolio gap in luxury chardonnay
- Strong DTC presence and on-premise distribution in California, with opportunity to expand via Treasury Americas national platform
- 35-40% EBITs margin business, accretive to Treasury Americas and TWE Group

Evolution of Treasury Americas

Disciplined capital allocation supporting the portfolio premiumisation strategy

	Divested: non-priority brands and assets ¹	Acquired: Frank Family Vineyards ³
Volume ('000 9le)	5,157.6	174.2
NSR/case (A\$)	\$52.2	\$427.4
EBITS margin	9.5%	37.9%
Capital released / (invested)	~A\$300m ²	A\$(432)m



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About Frank Family Vineyards



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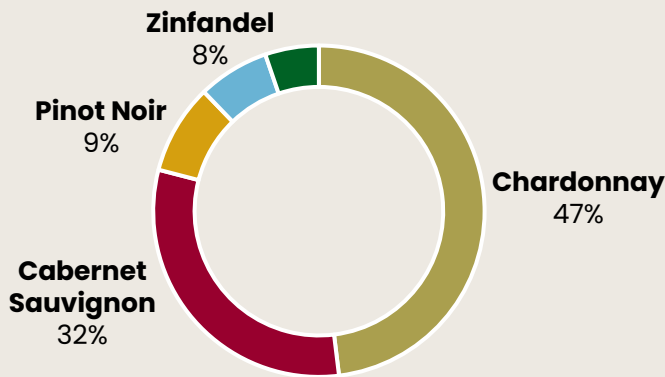
Overview of Frank Family Vineyards

A high margin luxury wine business with a strong track record of growth

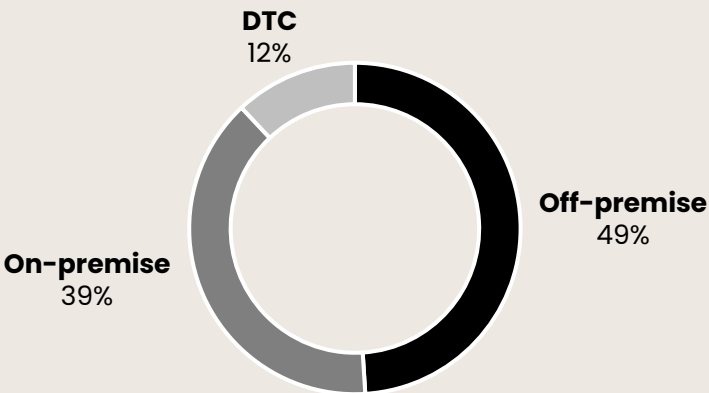
- Founded in 1992 by Rich and Leslie Frank, both of whom have committed to remaining with the business as advisors
- Award-winning, luxury wine portfolio across three collections, with a strong presence in California, through DTC and in on-premise
- Portfolio price points (retail) ranging from US\$38 to US\$225 per bottle
- Key portfolio varietals are chardonnay and cabernet sauvignon
- Achieved consistent growth over the long term while delivering compelling EBITs margins

	F21 performance ¹
Volume ('000 9le)	174.2
NSR	US\$54.4m / A\$74.5m
EBITDAS	US\$23.9m / A\$32.7m
EBITS	US\$20.6m / A\$28.2m
EBITS margin	37.9%

FFV volume by varietal (F21)



FFV volume by channel²



¹ FFV information, refer Important Information on page 2

² Data shown for calendar year ended 31 December 2020

Strong business with a track record of growth

FFV is an iconic and highly acclaimed luxury brand with strong consumer appeal

Attractive package of attributes

- ✓ Iconic and highly acclaimed Napa Valley luxury brand
 - Nine 90+ score wines from Robert Parker's Wine Advocate in 2020
- ✓ Strong position in the significant high-growth US luxury chardonnay market
 - No. 3 overall and no. 2 in US\$25 and above¹
- ✓ Consistently high historical levels of top-line growth
 - Revenue has grown each year from 2009 to 2021² (13% CAGR over the period)
- ✓ Strong on-premise distribution footprint in California
- ✓ Wide DTC reach through tasting rooms, wine clubs and e-commerce
- ✓ Iconic premium physical assets to support brand appeal

FFV's portfolio is centred across three collections

Napa collection

- Largest volume contributor
- Chardonnay, cabernet sauvignon and pinot noir
- US\$38-60 retail price point
- US trade focus



Sparkling Collection

- Traditional method sparkling wines
- US\$55-110 retail price point
- DTC focus



Reserve Collection

- Single vineyard wines
- Chardonnay and pinot noir
- US\$60-225 retail price point
- DTC focus



Transaction assets

FFV has an efficient, capital-light asset base in the iconic Napa Valley

Two owned vineyards in Napa Valley:

- Benjamin Vineyard (Rutherford)
- S&J Vineyard (Capell Valley)

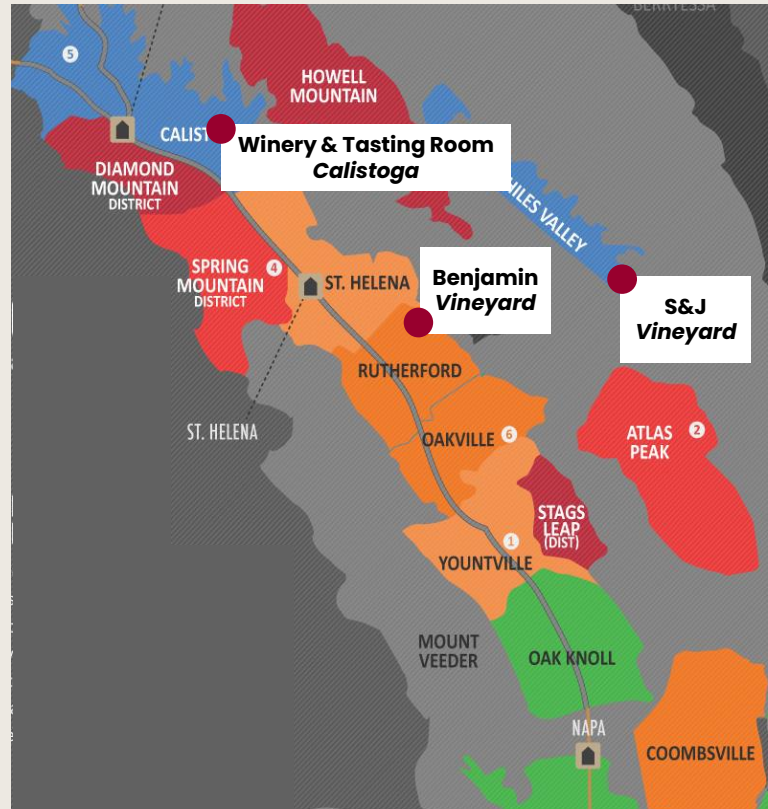
Single winery model:

- Calistoga based winery provides strong capacity to support incremental growth for the FFV portfolio

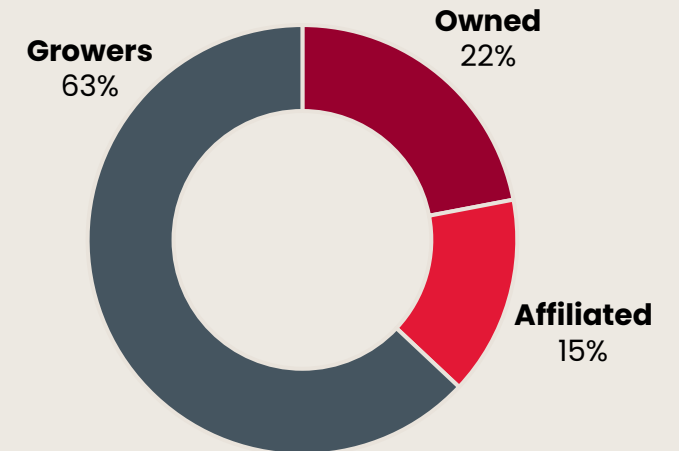
Tasting room:

- Highly renowned Calistoga tasting room, 30,000 visitors in 2019
- New hospitality facility, opening in 2022, to increase visitor capacity

Location of key Napa Valley assets



FFV's efficient and flexible sourcing model





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Strategic and financial highlights



Strategic Rationale

The strategic rationale for TWE's acquisition of FFV is compelling

FFV is a strong brand with leading margins and a long-term track record of growth

- FFV is a luxury wine business with an outstanding EBITD margin (38% in F21)
- Revenue has grown each year since 2009¹
- Three year (F18-21) volume and NSR CAGR of 7.7% and 9.1% respectively

1

Fills a key chardonnay portfolio gap and strengthens Treasury Americas credentials as a leader in luxury wine

- Step changes Treasury Americas position in the large and growing luxury chardonnay category
- #2 position in luxury, with position in luxury chardonnay improved to #3 (from #5 currently)²

2

Treasury Americas multi-channel national distribution network a growth opportunity for FFV

- Treasury Americas to drive expanded distribution of FFV in under-penetrated states outside of California
- Opportunity to leverage Treasury Americas luxury sales platform and digital marketing & e-commerce capability

3

Leverages Treasury Americas Californian asset base and sourcing model

- Incremental supply from future vintages will be made available to grow FFV's portfolios
- To support a step up in FFV's volumes from F24

4

Opportunity to grow DTC channel for the combined businesses

- Best in class tasting room experiences and extensive wine club model are hallmarks of FFV
- Adds an additional pillar to Treasury Americas' DTC channel growth plans

5

Increases Treasury Americas coverage of on-premise accounts in California

- FFV has a strong and well established on-premise presence in California
- An opportunity for expansion of Treasury Americas existing luxury portfolio

6

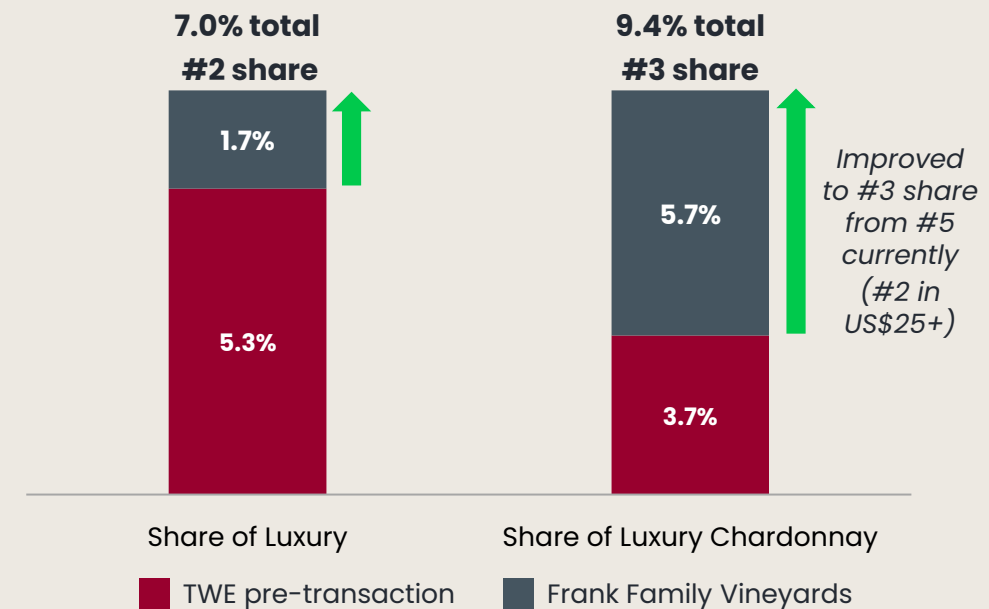
An excellent complement to the portfolio

FFV fills a key portfolio gap and strengthens Treasury Americas luxury credentials

Treasury Americas priority portfolio



Luxury share¹ – pre and post transaction



Strengthening and leveraging Treasury Americas leading luxury credentials



Scalable DTC platforms



Dedicated luxury sales model



Best in class wineries and vineyards

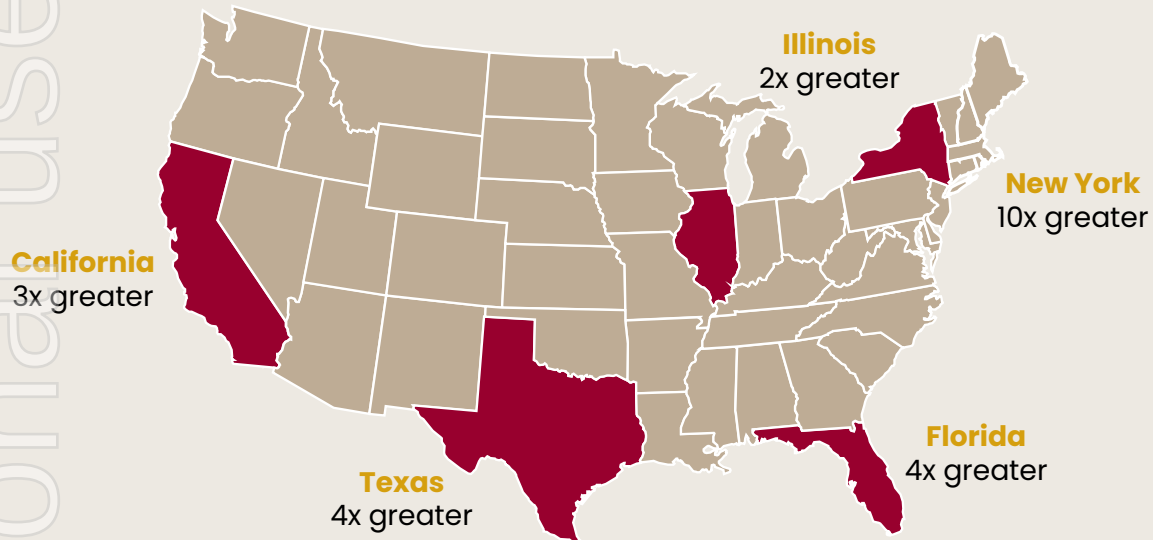
Enhanced growth through TWE's national platform

Treasury Americas distribution and supply platforms to drive FFV's growth

Growing FFV's distribution is a key opportunity

- Growth potential for FFV through Treasury Americas national distribution network
- Focused on Increasing points of distribution

Number of US distribution accounts Treasury Americas luxury account footprint relative to FFV¹



TAM's national luxury account footprint is 4x greater than FFV's

TWE's asset base and sourcing model to unlock new growth

- Supply constrained intake from the 2020 vintage impacting FFV's growth in F22
- Treasury Americas supply platform to facilitate increased levels of production for FFV:
 - From vintage 2022, intake to be increased to support higher volumes and earnings from F24 onwards
 - Existing sourcing to be diverted from lower margin products to FFV, improving portfolio margins and returns

Financial impacts and benefits

Acquisition meets TWE's priorities for growth, premiumisation and margin accretion

Comparison of key metrics

F21	FRANK FAMILY¹ VINEYARDS	Treasury Americas²
NSR (A\$m)	74.5	826.9
NSR per case	427.4	99.4
EBITS (A\$m)	28.2	142.6
EBITS margin	37.9%	17.2%

Treasury Americas proforma F21 NSR per case and EBIT margins are improved by 7% and 170bps respectively

Key synergy opportunities

Supply chain efficiencies	• Procurement, storage and crushing benefits • Enhanced utilisation of TWE's sourcing and production network
Route to market structure	• Benefits from TWE's national distribution network
Potential revenue synergies	• Potential for cross-sell opportunities with Treasury Americas broader luxury portfolio

Run rate cost synergies of US\$5m, driven primarily by supply chain efficiencies, are expected to be delivered from F24

Shareholder value summary

The acquisition of FFV delivers strong value for TWE shareholders:

- An excellent portfolio complement that supports Treasury Americas priorities for premiumisation, growth and margin expansion
- An attractive IRR, exceeding TWE's cost of capital
- EPS accretive from the acquisition date¹, with EBITs growth expected for FFV from F23, the first full year of ownership
- An attractive acquisition multiple of 13.2x², favourable to both current TWE and historic luxury wine transaction multiples
- A strategic approach to capital allocation, replacing divested low margin commercial assets, with a sustainably growing, high margin luxury business

"The acquisition of Frank Family Vineyards represents an outstanding complementary addition to the Treasury Americas brand portfolio and is another important step towards our ambition of becoming the premium wine market leader in the Americas."

"This is a rare opportunity to acquire a luxury brand and portfolio of wines that consumers enjoy and connect with. This business has a proud and consistent history and proven track record of success, having been expertly built and led by Rich and Leslie. Together with them, we are excited by the future potential that will be unlocked by the strengths of the Treasury Americas luxury wine platforms."

Tim Ford, Chief Executive Officer, Treasury Wine Estates

"Leslie and I look forward to continuing to be a part of the next chapter of Frank Family Vineyards, a business we have spent nearly three decades cultivating into a beloved luxury wine brand. We have prided ourselves on creating a family atmosphere among our staff and our guests and know this legacy will carry on. We, along with our team, are excited to remain actively involved with Frank Family, while also taking on new leadership roles with Treasury Americas."

Rich Frank, Founder, Frank Family Vineyards



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Transaction details



Transaction details

Funding	• Transaction to be funded via combination of US\$240m underwritten acquisition bridge facility and cash, which includes proceeds of recent US asset divestments • Pro forma F21 leverage of 2.2x is consistent with TWE's target capital structure for accretive strategic initiatives, with leverage expected to return below 2.0x in F23¹ • Flexible and efficient capital structure retained, to support future investment and capital management priorities
Founder's involvement	• Founder's Rich and Leslie Frank have committed to remaining involved in the business in the capacity of advisors, covering brand management, marketing and general advisory
Completion	• Completion expected before 31 December 2021 and subject to customary working capital adjustments
Transaction costs	• Acquisition is expected to incur transaction costs of approximately A\$11m which will be recognised as material items in F22
Integration with TWE	• Full integration of business to be completed in calendar year 2022. • Integration costs of approximately US\$5m are expected to be incurred and will be recognised as material items in F22/23

Definitions

Term	Definition
Commercial wine	Wine that is sold at a retail price point below A\$10 (or equivalent) per bottle
DTC	Direct to consumer
EPS	Earnings per share
EBITDAS	Earnings before interest, tax, depreciation, amortization, material items and SGARA
EBITS	Earnings before interest, tax, material items and SGARA
EBITS Margin	EBITS divided by net sales revenue
Luxury wine	Wine that is sold at a retail price point above A\$30 (or equivalent) per bottle
Material items	Items of income or expense which have been determined as being sufficiently significant by their size, nature or incidence and are disclosed separately to assist in understanding the Group's financial performance
Leverage	Net Debt divided by EBITDAS, including capitalised operating leases per AASB 16
NSR	Net sales revenue
Premium wine	Wine that is sold at a retail price point between A\$10 and A\$30 (or equivalent) per bottle.
SGARA	Self-generating and re-generating assets. SGARA represents the difference between the fair value of harvested grapes (as determined under AASB 141 Agriculture) and the cost of harvest. The fair value gain or loss is excluded from Management EBITs so that earnings can be assessed based on the cost of harvested grapes, rather than their fair value. This approach results in a better reflection of the true nature of TWE's consumer branded and FMCG business and improved comparability with domestic and global peers