



HD Struggling **wine** maker considers US **buy**

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Penfolds maker Treasury **Wine** Estates is considering buying a **business** to help increase its supply of quality **wine** in North America.

Chief executive Michael Clarke said access to more top-end grapes for its luxury and so-called "masstige" wines could help Treasury **Wine** boost growth in those categories in both the US and Asia.

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Masstige refers to widely available prestige wines.

"We're looking at buying a **business** which gives us access to luxury and masstige grapes in North America," Mr Clarke told reporters after the **company**'s annual general meeting.

"I'm not looking to **buy** a **business** that gives us brands, I'm not looking to **buy** a **business** that gives us infrastructure - we have that."

Treasury **Wine** made a loss of \$101 **million** in 2013/14, amid senior management changes, **company** restructuring and the costly destruction of hundreds of thousands of cases of excess **wine** in the US.

Mr Clarke was appointed in February and he has since set about overhauling the **company** with a massive marketing push and focus on high-end markets.

He said on Tuesday Treasury **Wine** could satisfy its current five-year recovery plan with its existing **business**, but access to higher quality grapes would help increase its presence in North America and reduce its reliance on cheaper commercial wines.

Mr Clarke would not disclose the size of a potential acquisition, but indicated it involved a **business** rather than just vineyards.

He earlier told shareholders that Australia was Treasury **Wine**'s home market, but the US and Asia, particularly North Asia, were the growth markets.

Expanding its presence in **China** had been a key priority in the first half of the current financial year.

The US was also a significant growth opportunity and having scale there was critical, meaning Treasury **Wine** would maintain its portfolio of cheaper commercial wines until the portfolio of more expensive wines grew to a significant size, he said.

But some of the "tail-end" commercial wines, priced under \$US3 a bottle, could be retired or placed into joint ventures.

Treasury **Wine** shares dropped 21 cents, or 4.6 per cent, to \$4.40.

CO trzwn : Treasury Wine Estates Ltd

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RE melb : Melbourne | usa : United States | apacz : Asia Pacific | ausnz : Australia/Oceania | austr : Australia | namz : North America | victor : Victoria (Australia)

IPD Treasury Wine

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