REUTERS

HD **CORRECTED-UPDATE 1-Australia's TreasuryWine posts loss on U.S., China woes**

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(Corrects reason for impairment charge in graf 2 and removes reference to wine disposal in 2nd bullet point)

* FY loss A$100.9 mln vs A$47.2 mln profit

TD

* Underlying profit A$112.8 mln vs A$123.2 mln analysts' forecasts

* Result hit by A$280 mln impairment charge

* KKR & Co and TPG Capital in rival $3.1 bln takeover bids

By Byron Kaye

SYDNEY, Aug 21 (Reuters) - Australia's TreasuryWine Estates Ltd, the world's No. 2 winemaker, swung to its first annual net loss and missed analysts' forecasts as the takeover target grappled with massive oversupply in its U.S. arm and sales fell globally.

Weighed down by an A$280 million ($259.95 million) impairment charge related largely to reductions in the asset value of commercial brands, particularly in its U.S. division, Treasury booked a A$100.9 million net loss for the year to June 30, from a net profit of A$47.2 million the previous year.

Without the one-off charge, net profit for the maker of Penfolds, Lindemans and Wolf Blass wine fell to A$112.8 million from A$141.7 million the previous year, below the A$123.2 million average forecast of analysts polled by Thomson Reuters I/B/E/S.

The result caps a second horror year for the Melbourne-based Foster's Group spinoff, whose books are being perused by U.S. private equity giants KKR & Co LP and TPG Capital Management for rival $3.1 billion takeover bids.

Treasury has been viewed as ripe for a takeover since late 2013 after it warned of problems at its U.S. operations and diminishing demand from China as the government cracks down on luxury gifts to officials.

The company shook investor confidence when it announced in July 2013 that it would destroy $35 million worth of wine and take a $160 million writedown in the United States, where it owns several wineries including Beringer. The debacle led to the departure of former Chief Executive David Dearie.

But until opening its books to KKR and TPG earlier this month for due diligence, Treasury had been putting its faith in new CEO Mike Clarke, a food and beverage turnaround specialist installed on March 31.

On Thursday, Treasury said the destruction of U.S. inventory was complete and a broad restructure under Clarke was taking effect. It gave no earnings guidance but said it was "well positioned to pursue growth opportunities in order to satisfy growing demand for premium wine globally".

"Having taken the necessary steps in the final quarter of fiscal 2014 to drive improved performance, including increasing consumer marketing, reducing (Treasury's) cost base and addressing structural challenges within the business, I am confident the company is now positioned for future success," Clarke said in a statement.

Treasury missed its own earnings guidance with earnings before interest, tax and vineyard revaluations falling to A$184.6 million from A$216.2 million the previous year. In January, the company said it expected earnings between A$190 million and A$210 million for the year.

The biggest earnings decline was in Australia, down 31.5 percent to A$75.1 million. U.S. earnings fell 7 percent and Asia earnings dropped 12.3 percent. On a constant currency basis, global sales fell 5.3 percent to A$1.8 billion.

Treasury's shares, which hit an all-time low of A$3.43 on Feb. 5, have since gained around 50 percent amid the takeover speculation. The shares closed at A$5.33 on Wednesday, above the A$5.20 rival indicative bids of TPG and KKR.

(1 US dollar = 1.0771 Australian dollar) (Reporting by Byron Kaye; Editing by Lisa Shumaker and Stephen Coates)

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CO autry : Australia Treasury | kkr : KKR & Co. L.P. | tpgpar : TPG, Inc. | trzwn : Treasury Wine Estates Ltd

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