

**HD** **FED:Major restructure for Penfolds maker**

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TREASURY By Petrina Berry

BRISBANE, June 25 AAP - The **company** behind Penfolds is making major changes to its global **business** as takeover speculation continues to swirl around the **wine** maker.

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Treasury **Wine** Estates plans to ramp up promotions, cut costs and shift the time of year it releases Penfold vintages, to capitalise on celebrations like Thanksgiving and **Chinese** New Year.

Takeover speculation continues to follow **wine** maker, including rumours luxury goods **brand** LVMH, controlled by French tycoon Bernard Arnault, is interested in Treasury **Wine**, which has struggled in recent years with an underperforming US **business**.

Chief executive Michael Clarke said he's focussed on turning around the **business**, not negotiating with potential buyers.

"We have a **business** to run independent on who may or may not own the **business**," he said.

"My primary focus is the road map that we've laid out, which is to step up marketing, investment, take costs out, change Penfolds release date and also focus on the consumer."

Treasury **Wine** announced plans to cut hundreds of job in May in the early stages of a turnaround plan, after rejecting a \$3.05 **billion** takeover offer from US **equity firm** Kohlberg Kravis Roberts.

Mr Clarke on Wednesday refused to detail exactly how many jobs were being cut.

Under the next phase of changes, which will cost \$260 **million**, the **company** will combine the annual release dates for new vintages of its Penfolds Bin series and Penfolds Icon & Luxury collection wines to October, rather than in March and May.

This would ensure the wines were on **sale** for longer and more readily available for key celebrations around the world, Mr Clarke said.

It will also help the **company** manage allocations and inventory levels with key customers around the world, and reduce the need to rush the wines out to the market.

Treasury upset investors last year when it destroyed \$35 **million** of deteriorating **wine** after oversupplying the American market.

Investors welcomed the latest changes, with **company**'s shares gaining 24 cents, or five per cent, to \$5.07, when the wider market fell.

Despite the cost of the latest restructure plans, Treasury **Wine** has not downgraded its 2013/14 earnings forecasts of between \$230 **million** and \$250 **million**.

However, Mr Clarke did not confirm whether the **company** was on track to meet that forecast, saying "I haven't said we've delivered it. I also haven't said we haven't delivered it."

Investors took Mr Clarke's comments positively, CMC Markets analyst Michael McCarthy said.

"They've taken a glass half full approach," he said.

As part of the changes, Treasury will also manage its operations in Asia, Europe, Middle East and Africa separately to its Australia-New Zealand **business**.

AAP peb/dmc

**CO** trzwn : Treasury Wine Estates Ltd | vuimth : LVMH Moet Hennessy Louis Vuitton

**IN** i41 : Food/Beverages/Tobacco | i426 : Wine | ialco : Alcoholic Beverages/Drinks | ibevrge : Beverages/Drinks | icnp : Consumer Goods | iluxgds : Luxury Goods

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