

SE **Business**
 HD **Treasury in value pitch**
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Treasury **Wine** Estates has underlined its change of strategy by isolating its top-end labels as part of a widening restructure including changes to its iconic Penfolds stable.

Along with pushing back the release date for new Penfolds vintages, including Grange, the world's biggest listed **wine company** also revealed its premium, more profitable Australian wines would now be managed separately from its cheaper commercial **wine** brands.

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The move is consistent with new chief executive Michael Clarke's commitment to refocus TWE on its more profitable, high-end brands such as Penfolds, as a key plank of his strategy to improve the **group's** disappointing financial performance.

Mr Clarke said the restructure recognised that marketing less expensive, commercial wines and premium brands was "markedly different".

"We need to consider new operating models and ways of working to realise growth and improve profitability across both," said Mr Clarke, who took TWE's reins in April.

The **group** believes changing the annual release date for its highly profitable Penfolds labels to mid-October from May will give it a longer run at selling more of the wines into important holiday periods such as Thanksgiving in the US, Christmas and **Chinese** New Year.

Mr Clarke said the change would also enable the **company** to do away with the hectic rush to deliver Penfolds before the end of its June 30 financial year and allow Penfolds' winemakers to concentrate on the current year's vintage in February and March.

TWE flagged a further financial hit, saying it would book \$260 **million** in after-tax impairments in its annual results.

The impairments reflect the excessive prices paid for some TWE brands before it was spun off by Foster's as well as falling growth rates for commercial **wine**.

Mr Clarke said it highlighted the need for TWE "to do things differently" and get value from its brands.

TWE has been in the spotlight, not only because of Mr Clarke's restructure but its recent rejection of a \$4.70-a-share takeover proposal from private **equity** giant Kohlberg Kravis Roberts.

Investors warmed to yesterday's update, marking TWE shares up 24¢ to \$5.07.

CO trzwn : Treasury Wine Estates Ltd

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NS ccat : Corporate/Industrial News | gwine : Wine | gcat : Political/General News | gfod : Food/Drink |
glife : Living/Lifestyle | gwbs : Wine/Beer/Spirits

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