

Treasury Wine Estates Limited, AGM 2024

2024-10-16

Presentation

John Mullen

[Presentation]

Great. Good morning, everybody. A good turnout here. Good to see everyone. So welcome to the 2024 Annual General Meeting of Treasury Wine Estates. My name is John Mullen, and I'm delighted to address this meeting as your Chairman. A quorum is present, and I therefore declare the meeting open.

Today's meeting is being held in person at the InterContinental Melbourne The Rialto and virtually via the Computershare platform, where shareholders and their proxies can ask questions and submit votes online. The meeting is also being webcast online.

So I'd like to begin by introducing your directors and the management who joined me on stage today. On my immediate right is Tim Ford, our Chief Executive Officer, who you will hear from shortly. Next to him are Non-Executive Directors, Colleen Jay, Leslie Frank and Ed Chan; and our Chief Financial and Strategy Officer, Stuart Boxer. On my immediate left is Alex Lorenzi, our Company Secretary. And next to her, Garry Hounsell, Chair of our Wine Operations and Sustainability Committee; Antonia Korsanos, Chair of our Audit and Risk Committee; and Lauri Shanahan, Chair of our Human Resources Committee. Also in attendance in Melbourne are members of our executive leadership team as well as Penny Stragalinos, who is our lead audit partner from KPMG.

Before we begin, may I ask that you make sure that your mobile phones are switched to silent while the meeting is in progress. And I also ask that you note where the nearest exit is in the unlikely event it becomes necessary to evacuate the building. In the event

of such an emergency, do please follow the instructions of the venue staff.

I encourage shareholders to ask questions during the meeting. I will introduce each item of business and then take questions on all the items of business together at the end. So if you're attending the meeting in person, only shareholders, proxies and corporate representatives who were given a blue or pink voting card are entitled to ask questions. When I call for questions, please move to a microphone and show your admission card to the microphone attendant, who will note your name and introduce you when it is your turn to speak. — ***Operator Instructions*** —

We encourage you to start submitting your written questions now, but please note that I will not address them until the relevant time in the meeting. Shareholders were also invited to submit questions in advance of this AGM, and I will address those questions during the question period. In order to be as transparent as possible in this hybrid environment, questions will only be moderated in limited circumstances, for example, where the content is profane or if the substance of the question is repetitive or a question already asked.

Today, voting will be conducted by way of a poll. So to provide you with enough time to vote, the poll is now open. For those attending the meeting using the online platform, a voting icon is now available on your screen. Selecting this icon will bring up a list of resolutions and present you with voting options. You're free to submit your votes at any time up until the poll closes. To cast your vote simply select one of the options. There's no need to hit submit as the vote is automatically recorded. You may change your vote at any time up until the poll closes. For shareholders, proxy holders and corporate representatives attending the meeting in person, you may also vote at any time up until the poll closes by completing the blue voting card that was provided to you upon admission. Before you leave the meeting, please place your voting cards in one of the ballot boxes

that you'll find near the exits. The poll will remain open for 5 minutes after the close of the meeting to allow you to finalize your votes.

I'm holding open proxies in my capacity as Chairman, and it is my intention to vote these proxies in favor of the resolutions that will be put to the meeting today. The final results of the polls will be available later today on the ASX website and the company's website. If you have any difficulty in completing your voting card during the course of the meeting, Computershare staff are here to help you.

So before we consider the items of business, I would like to reflect briefly on the company's performance over the last year. I'll then invite our Chief Executive Officer, Tim Ford, to address the meeting.

Over the past year, TWE has made substantial progress on almost all fronts. And while there continue to be challenges in the industry, we are increasingly well positioned to achieve our vision of being the world's most desirable luxury wine company.

In August, we were pleased to share a strong fiscal '24 performance with you, with good growth in both sales and earnings. And shortly, you'll hear more on the financial results from Tim as well as the fiscal '25 first quarter highlights.

Underpinning our results was our continued focus on luxury. The approach this year has been fueled by the acquisition of DAOU and the continued first-class performance of our global luxury brand, Penfolds.

Our luxury portfolio now represents more than 75% of our earnings. And in fiscal '24, we achieved a significant milestone: Penfolds and Treasury Americas each delivered \$1 billion in sales for the first time.

This year, Penfolds turns 180, celebrating its rich heritage and tradition of excellence. Pen-

Penfolds' multi-country of origin strategy gives consumers access to luxury wines from the world's most revered wine regions, including Australia, the U.S. and France. And China is now the latest sourcing region, with the One by Penfolds range of Chinese wine launching in 2022. In August '23, the brand released its first China-sourced luxury wine, Chinese Winemaking Trial 521, which was a blend of Cabernet Sauvignon from Ningxia and Marselan from Yunnan. It was released globally in limited quantities to the acclaim of wine critics and collectors. The expansion of the China-sourced portfolio of wine shows our commitment to the Chinese market, its consumers and the local industry.

In February, Penfolds unveiled a new Champagne Cuvée Brut in collaboration with Champagne Thiénot, which is now available for consumers to enjoy. This expansion in the Penfolds Champagne portfolio symbolizes the brand's commitment to winemaking in France and marks the beginning of a new chapter in the Penfolds France story.

We welcomed the news earlier this year that trade impediments were being removed on Australian wine in China. We acted quickly to establish Penfolds' reentry and to reignite the local luxury wine market. And our rapid response was possible because of our long-standing commitment to China, which continued during the tariff period, where we maintained investment in the Penfolds brand and a local team of more than 120 people. Maintaining a strong brand presence in recent years has given us a solid platform for growth over the long term.

We were excited to welcome DAOU to the family, joining an unrivaled portfolio of luxury brands in the Treasury Americas division, including Frank Family Vineyards, Stags' Leap, Beringer and the Beaulieu Vineyards. DAOU's awarding winds and unique luxury experiences are a significant value creation opportunity for TWE. We're already impressed by the performance of the brand and our growth plans for Dow are unchanged. With business integration well underway, we're on track to deliver synergies of USD 20 million by

the end of FY '26.

While Treasury Premium Brands earnings from some commercial brands declined, the priority brands in the division maintained their positive momentum, driven by 19 Crimes, Squealing Pig and Pepperjack. And this year, we launched our rebellious 19 Crimes brand in Japan, Vietnam, Laos, Cambodia and India. Our 19 Crimes partnership with Snoop Dogg continued with the expansion of the Cali by Snoop range, including Cali Blanc Sauvignon Blanc into the U.K. market. We also introduced the playful Squealing Pig brand to consumers in Canada. With a growing number of consumers looking to moderate their alcohol intake, we grew our no and low alcohol options with the launch of our Squealing Pig Zero and mid-strength range as well as the expansion of our Pepperjack and 19 Crimes lower in alcohol and mid-strength offerings globally.

After a broader review of the Treasury Premium Brands division, we announced our plans to combine Treasury Premium Brands and Treasury Americas Premium into a single global premium division. This is a natural progression and follows the integration of the Global Revenue Growth Group into Treasury Premium Brands and the acquisition of DAOU, which resulted in separate luxury and premium teams in Treasury Americas. These changes will allow for stronger growth for our key premium brands, recruiting new consumers, accelerating innovation, and building better ways of working.

We also addressed the consumer shift away from the Commercial segment. Last year, we provided an update on the decision to sell our Karadoc winery, and we recently completed the sale to a local business that will continue to operate site in the Sunraysia region.

Furthermore, we announced our intention to divest our commercial brand portfolio, which includes Wolf Blass, Lindeman's, Yellowglen and Blossom Hill. While these brands have been an important part of TWE's history, in fiscal year '24, they represented less than 5% of the group's gross profit.

In addition to the divisional highlights, I'm pleased to share an update on TWE's sustainability strategy. Our sustainability ambition is deliberately bold, to cultivate a brighter future. We want to build a more resilient business, produce sustainable wine and enhance the well-being of our people, communities and consumers.

During the year, we've made strong progress in water stewardship, reducing carbon emissions, adapting to the impacts of climate change, boosting certification and becoming more efficient with technological innovation in our vineyards and packaging centers.

Since launching our refreshed sustainability strategy in 2021, we're proud to have reduced our greenhouse gas emissions by 66%. Our journey towards 100% renewable energy is on track, with roughly 80% of our total electricity usage over fiscal '24 coming from certified renewable sources. In the 2024 financial year alone, we switched on 24 solar projects across our global footprint.

Navigating the impact of our changing climate is a particularly complex challenge for us as an agricultural business and for our society more broadly. Growing conditions in the regions in which we operate are changing, highlighting the importance of water as a critical resource for our business. We've installed smart meters in over 90% of our sites that operate in high-risk catchments, and a number of water preservation projects, including dam covers and linings are underway.

We have maintained sustainability certification across 99.2% of our owned and leased winery and vineyard assets globally. More than 16 million liters of wine was sustainably certified in Australia in the 2024 financial year.

Our talented global team is at the core of our business, and their safety remains a priority. We were very pleased to achieve a 39% reduction in the 3-year rolling Serious Safety Incident Frequency Rate as a result of the ongoing focus and continued success of our

safety campaign, Build Safe.

Complementing the broader TWE sustainability agenda, during the year, Penfolds launched a grant program, Evermore. The 5-year program will deliver a total of \$1 million to individual and organizations working on community and sustainability projects in Australia, United States, France and China. The first grant recipients were announced in January.

Our sustainability achievements provide a strong foundation for future growth. We acknowledge that we have more work to do, and we're focused on maintaining our position of industry leadership in sustainability.

The year's collective highlights form the last chapter of our 2025 Game Plan, which we've now officially closed out. The Game Plan was developed 4 years ago and has been an important road map with ambitious targets. To reflect briefly on the challenges during that time: the business endured the pandemic, the Californian wildfires, trade impediments, industry headwinds and changing market dynamics. With that backdrop in mind, the business navigated challenges and made the most of emerging opportunities to come out the other side as a stronger, more diversified and truly global business. And it's these foundations that positioned us well to launch our new Game Plan for the 2025 financial year and beyond.

The Game Plan is made up of a brand new purpose, a refreshed vision, a set of 4 strategic pillars, all underpinned by the TWE DNA: the cultural code that guides how we act and the experiences we create for people.

Our purpose, Boldly Cultivating, was represented in the video at the start of today's meeting. It symbolizes our collective call to action to Boldly Cultivate value through our brands, wine, people, innovation, sustainable solutions and experiences.

Lastly, I'd like to mention our refreshed vision, which is to be the world's most desirable

luxury wine company. This vision orientates us towards our core business, embodying the hallmarks of a luxury company right across TWE. It sets out what we're striving for across the entire organization. And we have a talented and dedicated global team with a common purpose, and I really look forward to seeing what we achieve in the years ahead.

With that, I'd like to take this opportunity to acknowledge the significant contribution of Ed Chan, who retires from the TWE Board today. Ed has been a Non-Executive Director since 2012, shortly after the company was floated, and has spent more than 6 years as a member of the Audit and Risk Committee. We thank Ed deeply for his efforts, and we wish him all the very best for his future endeavors.

On behalf of the Board, I would also like to thank the entire TWE team. It's because of their efforts and commitment that we continue to succeed as a business. I'd also like to acknowledge my predecessor, Paul Rayner, for his exceptional contribution during his 11 years as Chairman. Under the leadership of Tim Ford and his executive team, the business enters an exciting new chapter, and it's a real privilege to be as Chairman.

And finally, thank you to everyone for attending, for your continued support and investment in TWE. I'm very optimistic about the future of the business as we fulfill our vision to be the world's most desirable luxury wine company.

And with that, I'll hand over to Tim.

Tim Ford

Thanks, John, and good morning, everyone. Glad to see you. It's certainly a pleasure to join you today to discuss our fiscal '24 financial and operational performance in the year, as we've explained, saw significant milestones delivered across entire TWE and where we certainly accelerated our focus becoming the global luxury-led leader in wine that we seek to achieve.

A key highlight of the year without a doubt, is the completion of the USD 900 million acquisition of DAOU Vineyards, a highly acclaimed U.S. luxury wine business. This acquisition now establishes Treasury Americas as the leading luxury wine business in the United States, the U.S. being the largest market for luxury wine globally, and we are energized by the opportunity to create another outstanding luxury wine platform within TWE that sits alongside Penfolds.

Equally significant highlight was the March 2024 removal of tariffs on the Australian wine imports into China. We promptly executed our plans to reestablish our Australian portfolio into this important market with the response to date from our customers and consumers has been very positive, reflecting the ongoing strength of the Penfolds brand in particular in that market.

Turning to the fiscal '24 financial highlights. Net sales revenue grew 13% to \$2.7 billion, driven by our strong Luxury portfolio growth in both Penfolds and Treasury Americas. Across the globe, our Luxury brand portfolio revenue grew 30% or 14% on an organic basis, reflecting the strength of our portfolio and the growth in consumer demand at higher price points across key markets.

Group earnings, or EBITs, increased 13% to \$658 million driven once again by the strong Luxury portfolio performance as well as the contribution of DAOU from the second half. EBITs margin was broadly in line with the prior year.

On a statutory basis, our net profit after-tax did decline, driven by a noncash impairment of goodwill and predominantly commercial brands within TPB, Treasury Premium Brands, reflecting the broader challenging conditions that exist for Commercial wine across all markets as well as the underperformance of these commercial brands relative to the category at the price points below \$10. When adjusting for the material item, our net profit after tax grew 8%.

Leverage, which is the ratio of our net debt to EBITDAS, ended the year at 2x following the acquisition of DAOU. This is a particularly pleasing result with further deleveraging expected in fiscal '25 as we look to return to our target range of 1.5 to 2x.

Return on capital employed, ROCE, decreased 0.4% to 10.9%, reflecting the mildly diluted short-term impact from the acquisition of DAOU, as expected, given the growth nature of that acquisition. And we paid dividends, most importantly for this room, totaling \$0.36 per share for the year. On paper, a 1% increase in cents per share terms, but a value increase of 16%.

So touching briefly now, just on each of our divisions and their performance, starting with Penfolds. For Penfolds, it's just another year of outstanding execution by the team. Net sales revenue and EBITS grew 22% and 16%, respectively, with top line growth delivered right across all luxury portfolio tiers driven by continued strength in Asia, including the commencement of the Australian portfolio shipments to China in quarter 4.

And in June, we did a significant update for our investors on our multiyear growth expectations for Penfolds, taking into account the price increases that we had announced across our Bin & Icon portfolio as well as following a record intake from the 2024 Australian vintage. Pleasingly, we expect to deliver a strong growth profile for Penfolds every year over the next 3 years, in particular, with low double-digit EBITS growth in this year, fiscal '25, increasing to EBITS growth of approximately 15% in each of fiscal '26 and fiscal '27, once the increased availability from this most recent vintage becomes available for sale. The delivery of these long-term targets remain subject to clearly a range of variable conditions, which are outlined in the slide of the presentation with the important information.

This growth profile reflects not only the incremental opportunity in China but importantly, continued growth for the brand across a number of markets around the globe. Those have

particularly grown over the past few years when the tariffs are in place. So put simply, it's another great result for Penfolds in fiscal '24 and the progress on our journey for the brand and the business to become the global Luxury icon.

It was an exciting year for Treasury Americas clearly, with completion of the DAOU acquisition and the redesign of our operating model in the market, sharpening our focus between the Luxury and Premium brand portfolios in the U.S.

Again, net sales revenue and EBITs grew 22% and 13%, respectively, driven by the contribution of DAOU in the second half as well as a 14% increase in revenue from the other Luxury brands we have in our portfolio. Stags' Leap, Frank Family Vineyards, for example. And just on DAOU, it certainly continued its strong performance trajectory following the acquisition, as evidenced by the fact it was the leading growth brand in the U.S. Luxury category across fiscal '24.

Partly offsetting this strong Luxury performance in the U.S. was the decline in our Premium brand portfolio led by 19 Crimes modern tier, which lapped innovations released in the prior year. The Matua, our Sauvignon Blanc brand out of New Zealand, I'm sure a lot of you love, continued its strong performance and remains a top brand in this category. So overall, a great pleasing year from a results perspective in Treasury Americas a year of great change, we are seeing momentum behind a number of our key brands and definitely an exciting long-term growth opportunity for us for years ahead.

And finally, TPB, Treasury Premium Brands, saw its revenue decline 6%, driven by lower commercial and premium shipments with consumption trends still remain soft in below \$15 price points around the globe, and our commercial portfolio underperforming relative to the category. On the flip side, our priority premium brand portfolio did grow 5% within the business driven by the key brands you see, 19 Crimes, Squealing Pig and Pepperjack, very important brands to our business, brands that continue to resonate strongly with

consumers, particularly here in Australia and the United Kingdom.

We've made a positive start, too, to fiscal year '25, we're 1 quarter in to fiscal year '25. Our luxury-led focus sees us deliver double-digit organic NSR growth across the group for this first quarter driven in part by phasing benefits compared to the prior year, but it's a strong start.

Penfolds momentum remains particularly strong in Asia and Australia, and we are absolutely on track to deliver our guidance for low double-digit divisional EBITs growth this fiscal year. In China, everyone wants to know what's happening in China, we are absolutely making great progress on our plans to rebuild distribution, rebuild availability for our Australian country of origin portfolio within the market. And the performance in the market in the quarter is in line with our expectations, importantly, including the recent Mid-Autumn festival period, which is a high-gifting period within China. And pleasingly, our customers are reordering, depletions are on track for Bins & Icons portfolio across the board and in line with our plan.

In Americas, the implementation of enhanced distribution arrangements following the acquisition of DAOU was the key execution focus for the quarter. And with that transition now complete in place, we expect our Luxury portfolio performance to strengthen through the remainder of the year, starting again with the key upcoming holiday selling period covering Thanksgiving into Christmas in the United States.

And then looking at the remainder of our global portfolio. In the quarter, NSR, net sales revenue, so our top line is in line with the prior year, consistent with our expectations. Therefore, I'm pleased to reiterate our guidance for fiscal year '25 earnings EBITs delivery in the range of \$780 million to \$810 million.

So in closing, fiscal year '24 was another successful year for our company where we made

significant progress in transforming our business to become a global luxury-led leader in wine. We look forward to continuing this journey focused squarely on our ambition to become the world's most desirable luxury wine company.

And particularly on behalf of the leadership team, thank you to our shareholders for joining us here this morning, either in person or on the call, I should say, and we look forward to your continued support in years to come. Thank you.

John Mullen

Great. Thanks, Tim. So now I move to the items of business to be considered at this meeting.

The first item is to receive and consider the consolidated financial report of the company as well as the reports of the directors and the auditor for the financial year ended 30th of June 2024. This item does not require a resolution to be put to the meeting, but it does provide an opportunity for discussion on these reports. KPMG, our auditor, is available to address questions relevant to the audit.

The next item of business is the election and reelection of directors. At today's meeting, with the exception of Ed Chan, who will be retiring from the Board following today's meeting, as you heard, all nonexecutive directors are standing for election or reelection in accordance with the company's policy that all nonexecutive directors will seek reelection annually. Details of each of the directors' qualifications and experience are set out in the Notice of Meeting.

The company has adopted a process whereby 1/3 of the Board will speak to their election or reelection at each Annual General Meeting. And this year, you will hear from Leslie Frank, Garry Hounsell and Antonia Korsanos.

Item 2(a) is the election of Leslie Frank, as a Non-Executive Director, and I'll therefore now

Leslie to briefly address the meeting.

Leslie Frank

Thank you very much, John. Good morning, everyone. It is a great pleasure to be here today and an honor to offer myself for election as a Non-Executive Director of Treasury Wine Estates. I'm an Emmy Award-winning journalist and a former owner of a nationally recognized luxury wine brand in the United States. I've worked in major television markets in Canada and the U.S. where I served as an honor news anchor and reporter, with my longest tenure being at ABC News in Los Angeles. In my 26 years as a journalist, I had the privilege of interviewing politicians, CEOs, celebrities and people from all walks of life. I've reported on a wide range of issues, including government corruption, political campaigns, terror attacks, weather calamities and high-profile trials, all with integrity, fairness and accuracy.

During my time as a journalist, I became highly skilled at forming important sources and relationships. This ability to build trusted relationships has served me well in the wine industry where I've worked closely with consumers, clients, vendors, suppliers and distributors. As a storyteller, I leveraged my communication skills to develop strategic marketing and branding initiatives at Frank Family Vineyards building one of Napa Valley's most beloved luxury wine brands. Our seller door became a symbol of top-tier hospitality earning accolades year after year.

I traveled extensively to promote Frank Family's award-winning wines in both domestic and international markets, including Canada, Mexico and Asia. In November 2021, I experienced the M&A process firsthand when Frank Family Vineyards was acquired by Treasury Wine Estates. While several companies expressed interest in purchasing Frank Family, we chose Treasury because of its stellar reputation for valuing its people, its brands and sustainability practices. I can confidently say that we made the right decision, thanks

to the strong leadership of Tim Ford and his executive team.

For the past 3 years, I've had the privilege of serving as a marketing consultant and brand ambassador for Treasury Americas. This role has given me unique insights into TWE's operations culture and day-to-day challenges and opportunities faced by the company. I work closely with the Americas team and provide my expertise to support Treasury's broader portfolio of brands. I bring an extensive background in media and public relations, which positions me to navigate conversations with the press, critics and other key stakeholders in ways that protect and enhance our brand equity.

As TWE continues to grow, my goal is to help drive brand success while ensuring that we remain true to the values, legacies and quality that have been the foundation of our company. However, I recognize that we face many challenges as an industry. If elected to the Board, I would bring a unique perspective as a nonexecutive, nonindependent director with deep roots in the wine community. I am committed to working collaboratively to ensure the company's long-term success.

In addition to my professional background, I'm deeply involved in the Napa Valley community. I sit on the Board of 2 nonprofit organizations and have worked to enhance TWE's charitable giving and elevate its community profile. I'm also a passionate advocate for sustainability, co-owning 3 Napa Valley vineyards certified as NAPA Green. My connection to the land gives me a strong understanding of the importance of responsible farming and stewardship, values that align closely with TWE's commitment to sustainability.

As a lifelong student of wine, I have completed wine courses at UC Davis and the Wine & Spirit Education Trust Levels 2 and 3, achieving distinction on the blind-tasting portion of the exam. I live on a 107-acre vineyard property in the Rutherford AVA, and I can honestly say that I love all aspects of the wine industry. I enjoy varietals from all regions, and I take a hands-on approach to quality control, typically at 5:00 with a glass of Chardonnay.

I thank you for your consideration, and I look forward to the opportunity to serve on this diverse and talented Board of Treasury Wine Estates and carry out our vision to be the world's most desirable luxury wine company. Thank you.

John Mullen

Okay. Thank you so much, Leslie. Item 2(b) is the reelection of Garry Hounsell as a Non-Executive Director. And I will now ask Garry to also briefly address the meeting. Garry?

Garry Hounsell

Thank you, John. Good morning, ladies and gentlemen. And my name is Garry Hounsell, and I'm actually honored to be here to address you today and to seek your support for my reelection as a Director of Treasury Wine Estates.

I joined the Board in September 2012 and was appointed Chairman of the Audit and Risk Committee shortly thereafter. In 2021, after 9 years of chairing the Audit and Risk Committee, I stepped down as part of our ongoing Board succession planning. I still continue to be a member of the Audit and Risk Committee as well as the Human Resources Committee and the Nominations Committee.

In 2021, I became the inaugural Chairman of a new committee of the Board called the Wine Operations and Sustainability Committee. The remit of this committee includes sustainability, strategic wine asset management and long-term planning, health and safety strategy and engagement, public climate-related public disclosures and reporting and regional industry and regulatory insights, trends and relationships. It's a big remit.

By way of background, I'm a qualified chartered accountant and commenced my career with Arthur Andersen, a global accounting firm. I was admitted as a partner to that firm in 1989 as a global partner and in 2021 became the firm's Australian Country Managing Partner and Chief Executive Officer, responsible for over 2,000 employees. And I was the

signing partner on the financial statements of BHP Billiton, it was in those days, for the years 2000, 2001 and 2002.

In 2002, I merged the firm with Ernst & Young in Australia. And after 2 years with Ernst & Young, I retired from the partnership to pursue a career as a Non-Executive Director. And I've been privileged to have been a director of many great companies, including Orica, Qantas, Nufarm, Dulux, Spotless and Myer, to name a few.

I have, I believe, made a valuable contribution to the company since my appointment in 2012 as well as my financial management and business experience. I also bring a 45-year involvement in all facets of the wine industry, including vineyard development, winemaking, sales and marketing and distribution both within Australia and internationally. This experience has allowed me to make a broad and varied contribution to the Board, to management and the company.

Despite the continuing challenges that TWE and the industry face globally, I am confident the company has the management experience and capability to guide the company through these challenges and opportunities. And I look forward to working with the Board and management to focus our resources on our objective of maximizing shareholder value. This is a wonderful company, and I look forward to your support today. Thank you very much.

John Mullen

Thank you, Garry. So Item 2(c) is the reelection of Colleen Jay as a Non-Executive Director. And then Item 2(d) is a reelection of Antonia Korsanos as a Non-Executive Director. And as outlined at the beginning, I'll now ask Toni to briefly address the meeting as well.

Antonia Korsanos

Thank you, Chair, and good morning, everyone. I'm honored to offer myself today for

reelection as a Director of your company.

In terms of my qualifications, I have over 30 years of Board and executive experience with an emphasis on technology, finance, strategic growth, cross-border M&A, debt and equity markets, investor relations, business and cultural transformation, supply chain, business integration, corporate governance and risk management. I have gained this experience across the portfolio of Board and consulting roles as well as through my executive career, working for complex multinational companies across FMCG, travel, entertainment, technology and gaming industries.

As an executive, during my tenure as CFO of Aristocrat, I was intricately involved in the turnaround of a complex regulated global portfolio of businesses, driving significant growth and expansion through organic strategic initiatives and mergers and acquisitions, including digital transformation. I successfully engaged with business leaders, employees, regulators and customers across multiple geographies, including the U.S., U.K., Continental Europe, Asia and Australia. Aristocrat grew significantly over that period from outside the ASX 100 to within the ASX 25.

Prior to Aristocrat, I worked at Goodman Fielder and Kellogg's, both globally branded FMCG businesses. And prior to these executive roles, I worked at Coopers & Lybrand where I became a qualified chartered accountant.

Post my executive career, since 2018, I have built a portfolio of Board roles across various industries in both Australia and the United States. I've also focused on investments in the private technology sector in Australia as a co-founder of the Ellerston JAADE Private Asset Growth Fund, contributing financial and strategic insights to guide investment decisions and foster growth in our investee companies. The fund has grown to circa \$400 million funds under management, carries 8 investments and has delivered annualized returns above 15% since its inception in December 2019.

In 2020, I co-led a consortium of investors in acquiring a controlling stake in Scientific Games Corporation, rebranded Light & Wonder. Since the change of control transaction through the execution of the acquisition strategy, significant shareholder returns have been realized through a more than fivefold increase in share price. The company today is dual-listed, entering the ASX 100 within 18 months of its listing. This transformation has been achieved through a clearly defined growth strategy, disciplined execution, improved talent and culture as well as strong governance.

Since joining TWE, I have enjoyed being back in a brand-focused business, especially with the complexity of TWE. I believe the portfolio and strength of brands as well as the strength and commitment of the TWE team position us well to realize the opportunities which lie before us. My skills and background fit well with TWE's operations, and I'm ideally placed to understand the challenges of managing a global business such as TWE and supporting its strategic growth agenda. If I am reelected, I am committed to continuing to devote the time and effort required to making a meaningful contribution to your company. And I look forward to working with the Board and management in support of defining our future strategic direction and delivering long-term value for all our stakeholders and most notably, you, our shareholders. Thank you for your consideration.

John Mullen

Great. Thank you, Toni. Item 2(e) is the reelection of myself as a Non-Executive Director, and Item 2(f) is the reelection of Lauri Shanahan as a Non-Executive Director.

Now that covers all of the resolutions regarding the election and reelection of our directors. The Board, with each director obviously abstaining as to their own election or reelection, recommends the election and reelection of each of the nonexecutive directors.

Item 3 on the agenda today is a nonbinding advisory vote for the adoption of the remuner-

ation report for the financial year ended 30th of June 2024. The remuneration report is contained in the annual report, which is available on the company's website. And this includes details of the company's policy on the remuneration of directors and executives, a discussion of the relationship between that policy and company performance, and details of the performance conditions associated with the remuneration of the Chief Executive Officer and key management personnel.

In light of the first strike that the company received at its 2023 AGM in relation to the company's 2023 remuneration report, we have spent additional time engaging with and listening to shareholders' feedback on the decision by the Board to make an adjustment on the vesting of the fiscal '21 long-term incentive plan, disclosures relating to the short-term incentive plan and other areas of concern. Section 1 of the company's 2024 remuneration report sets out the key issues raised by some of our investors and the way that we have sought to address these issues.

Feedback on the company's 2024 remuneration report is invited as we continue to improve the remuneration framework and disclosures. And while the vote on item 3 is advisory only, if more than 25% of votes are cast against adopting the remuneration report, then the Conditional Board Spill Meeting Resolution will be put to the meeting. The directors recommend that shareholders vote in favor of the remuneration report.

I'll now move on to Item 4, which is the grant of performance rights under the company's long-term incentive plan to our Chief Executive, Tim Ford. On the 1st of October, we announced a revision to the targets for the company's fiscal '25 long-term incentive plan, as disclosed in the Notice of Meeting and the 2024 remuneration report.

Taking into account shareholder feedback, return on capital employed and earnings per share vesting schedules included on Pages 17 and 18 of the Notice of Meeting were revised. Details of the changes are included in the ASX announcements lodged on the 1st

of October, and the summary of the terms of the proposed grant are set out on Pages 15 to 20 of the Notice of Meeting. The directors, with Tim abstaining, recommend that shareholders vote in favor of the resolution.

I'll then move on to Item 5, which is the Conditional Board Spill Meeting Resolution. As the proxy instructions received prior to the meeting indicate that less than 25% of votes cast on Item 3 will be against the adoption of the remuneration report, the Conditional Board Spill Meeting Resolution will not be voted on at the meeting today.

Details of the proxies received on each of the resolutions are now being displayed on the screen. Based on the proxy results, it appears that the resolutions in items 2 to 4 will pass. And given that there has not been a second strike on the remuneration report, it's not necessary to put the Conditional Board Spill Meeting Resolution to the meeting today.

So with that, I will now take questions on each of the items of business. I'll first take questions from those physically present at the meeting, followed by audio questions from participants who have joined the meeting online, and finally, written questions submitted in advance of the meeting and from online shareholders.

For those shareholders present in person today, if you would like to ask a question, please move to a microphone and show your admission card to the microphone attendant, who will note your name and introduce you when it is your turn to speak. — **Operator Instructions** — For those attending the meeting online who would like to submit a written question but have not yet done so, please submit your question now via speech bubble icon on your screen.

A reminder that the poll will remain open for 5 minutes after the conclusion of the meeting to allow you the opportunity to hear responses to the questions asked before finalizing your voting. And with that, I will now take questions from the floor.

Question and Answer

Attendee

Mr. Chairman, we have Mr. Michael Strakosch, a shareholder, to ask a question.

Shareholder

I was wondering why this year was the year you wrote down \$343.8 million worth of assets.

John Mullen

You wondered why it was this year that we wrote...

Shareholder

And where was it from?

John Mullen

Well, assets are valued every year from an accounting perspective based on the projections that come from the earnings of those assets in the future. And as I think Tim explained, the commercials on the lower end of wine consumption has been shrinking over the years in the whole industry, and these assets were assets that go back to, I think, 1996 and 2004, a long time ago, and they have been shrinking. Their future projections of cash flows don't warrant the carrying value that sits on our balance sheet, and therefore, it's an accounting requirement that you write them down, but it's noncash.

Shareholder

What items specifically were written down? What companies? What products?

John Mullen

Well, it's not the products. It was 4 vineyards. I think it was Wolf Blass, Yellowglen, Lindeman's and Blossom Hill, right?

Tim Ford

Right. The brands are the intangible assets that sat behind those brands.

Shareholder

And the other one, that was goodwill and there was 2 parts to the \$340 million.

Tim Ford

The goodwill relating to Treasury Premium Brands, largely on those 4 commercial brands and the brands themselves.

Shareholder

And the brands themselves.

Tim Ford

Yes.

Shareholder

But they showed up in the – you put it down under the Americas, I can recall, or is that faulty?

Tim Ford

Under Treasury Premium Brands.

Shareholder

Under Treasury Premium. It still seems precipitous, whereas last year, financial, you wrote down \$14 million. This year, it was \$340 million odd.

John Mullen

Sadly, it's the whole industry. If you look at the industry across the world, but particularly here in Australia, these lower-end commercial brands, almost all of them are struggling. That's why we've switched the focus heavily to Luxury, as you heard from Tim, and nearly

80% of our earnings now come from luxury. But we're less and less exposed to that lower yielding end.

Shareholder

I'll be back later, I think.

John Mullen

I look forward to it.

Attendee

Mr. Chairman, this is [Katia Bisyll], representing the Australian Shareholders' Association.

Shareholder

Good morning. My name is [Katia Bisyll], and I'm a volunteer for the Australian Shareholders' Association. Today, I hold proxies for 271 shareholders for approximately 580,000 shares. The ASA is quite concerned about directors who take on too much, are overloaded and may not be able to provide sufficient focus in both good and bad times in each of their directorships. Whilst we believe you're a very capable person, we also believe that your workload as Chair of 3 listed companies, Director of 1 listed company and Chair of 2 unlisted companies is way too high. Will you commit to significantly reducing your workload in the near future?

John Mullen

Well, simple answer is, yes, I've said that in multiple occasions, I will be reducing my workload in the future. But I think I'd make two other comments. One is it when I look at my fellow directors, and I'm sure they look at me, first, I see whether they are contributing and doing a good job. I think that tends to be a bit more important than the number of boxes that get ticked. And my colleagues have a responsibility to ensure that I'm doing a good job. And if I don't, if I'm not, then they will tell me, and I won't be Chairman

anymore. So we do have a process in place to monitor that. But that said, I realize that my workload is too high. I've acknowledged that. And I am in the process of dealing with it. But you can't just walk out on commitments that you have, just to say I'm going off to do something else. You have to do it in the proper professional and planned way, which is what I'm doing. By the time we meet next year, the issue will be resolved.

Attendee

Mr. Chairman, over here, we have a question from [Craig Caulfield], a shareholder.

Shareholder

I'd like to let you know, aside from a shareholder, I'm also a quality control officer like Ms. Frank. I start a little earlier, perhaps 4 p.m. I would like to actually thank the Chairman, the Board, all of the directors, but particularly all of the salad staff, the vineyard operators, the viticulturists, et cetera, because we've got such a wonderful company, a worldwide brand based from Australia. It's not Germany. It's not France. It's not China. It's not America. So it's something we can all be very proud of. So thank you very much for that.

Just back to the divested brands, can you tell us the progress? Has there been interest? Are you close to selling those? What amounts of interest are there? Because it's a difficult market, there is a big oversupply in those areas.

John Mullen

It is a difficult market. Yes, there has been quite a lot of interest. Whether that turns out into an acceptable financial transaction for the company remains to be seen. And we're not going to do something silly and just walk away from those brands. They still have value, obviously, and we'll make sure that, that is realized. And thank you for the kind words at the beginning. Appreciate it.

Attendee

Mr. Chairman, another question from [Katia Bisyll], representing the Australian Shareholders' Association.

Shareholder

This question is to Mr. Garry Hounsell. Mr. Hounsell, you've held the position as Chair of 2 listed and 2 unlisted and Director of 1 unlisted companies for several years. ASA has noted and queried at this heavy workload. Can you please speak to the workload of your positions and also advised if there will be any rationalization of responsibilities, particularly any which will affect TWE?

John Mullen

Garry, just if I may, just before – Garry, he's obviously working to answer for himself, but I'd just make the point that, again, we regularly review the performance and contribution of directors. Garry is an outstanding director of this company. I'm far more interested in whether he's doing a good job than I am in the number of other commitments you may have elsewhere. He is doing an exceptional job and he has the complete support of the rest of the Board. Garry, do you want to add anything?

Garry Hounsell

John, I can add something. Look, I've actually got a lot of spare time on my hands despite the fact that I've got a number of Boards I'm on, and so it's a nice refreshing period of mine to be able to spend some time with family and broader family. But I will tell you that my term at the Commonwealth Superannuation Corporation, where I'm Chairman will end at Christmas this year. I've done almost my 9-year term, which is a mandatory term. And so I'll reduce that. And at this stage in time, I'm not looking to replace that.

John Mullen

Any other questions from the floor? It looks like there are none. So if there are no further questions, I will now take any audio questions. Operator, are there any audio questions?

Operator

Mr. Chairman, there are no audio questions.

John Mullen

Fantastic. Thank you. If there are no audio questions, I'll now take written questions. To start with, I know we have received some questions in advance of the meeting, and I will address those first. I will then respond to questions submitted live during the meeting from online shareholders. So please proceed with the first question received in advance of the meeting.

Attendee

Thank you, Mr. Chairman. The first question is from shareholder, Mr. [David Brass], how much of the earnings from the DAOU acquisition in 2023 is expected to contribute to Treasury's overall earnings?

John Mullen

Thank you. So in fiscal '24, DAOU contributed \$37 million of TWE's \$658 million of EBITs. But that, of course, was just for 6 months of trading. So looking forward, we expect low double-digit annual NSR growth from DAOU.

Attendee

The next question is from a shareholder, Ms. [Celestine Eckert]. Why award benefits to KMP when results are mediocre, the debt level of borrowings at a very high level and ordinary shareholders' dividends are paltry?

John Mullen

Well, thank you for the question. But I'm afraid I have to differ with your interpretation of the company's performance. It's far from mediocre. If you listen to Tim's words just earlier, the company is actually doing extremely well in the difficult industry. For those

who followed the media, in recent weeks, there have been announcements from several of our major competitors, both here in Australia and overseas, who have seen significant falls in both revenue and profit. Against that, TWE delivered, as you heard, over 13% revenue growth and almost 13% in profit growth during the year. So I think TWE has performed far better than most of its major competitors.

On the question of debt, again, I think you heard from Tim, although our leverage now is at 2x, which is at the top end of the range that we aim at, which is 1.5 to 2, we've managed to keep it to that level despite the acquisition of DAOU. And we think that, that leverage will again reduce materially during FY '25, back to a level we are comfortable with.

And lastly, again, I think unfair to describe the dividend as paltry. As you heard from Tim, we increased the dividend pay by 16% during the year.

Attendee

The next question is from shareholder, Ms. [Helen Haisen], what are the company's plans to increase wages for employees and to limit remuneration for senior executives and the Board? How is the customer focus being fostered and maintained?

John Mullen

Thank you for that question. Obviously, remuneration is always a touchy issue and we spent a lot of time focusing on it. We are extremely conscious of the cost of living pressures out there at the present. And we benchmark our salaries every year through advisers and the remuneration committee, chaired by Lauri. We look at benchmarking from the senior executive, all the way down through the work – through our workplace employees and make sure that we are competitive. I would say that our senior management remuneration is below the median of companies of our size. I don't think it's in any way over generous. And we obviously also make sure that senior management never receive increases that are higher than the general workforce. And we aim, if we can, to recover

the impact of inflation as best we can. So I think we gave 3% in this last year, and that was for executives done through really the main employee base as well.

Attendee

The next question is from shareholder, Mr. [Gordon Dan]. What percentage of the Chinese market previously filled by treasury products was filled by other countries during the trade ban and which countries?

John Mullen

And again, I think this is a real success story. So following the implementation of tariffs by MOFCOM, the company focused on reallocated the Penfolds Bin & Icon portfolio volumes that we were previously selling in China to other markets, and that was very successfully achieved. Through allocation of product and careful investment, we grew demand in a number of new markets globally throughout Asia, including Malaysia, Thailand, Vietnam, Singapore and Hong Kong, in Australia as well and in the U.K., leaving the business far more diversified and better positioned than it was previously.

Attendee

The next question is from shareholder, Mr. [David Brass]. Does the federal government spirit tax of approximately \$104 per liter affect Treasury to any degree? Do you want this capped versus annual increases?

John Mullen

Fortunately, TWE has minimal exposure to Australian spirits excise, which increases biannually with CPI. However, we must, of course, consider the economic impact of increased taxes on our trade customers for beer and spirits, which did increase by over 10% in 2023.

Attendee

That concludes the written questions received in advance of the meeting.

John Mullen

Thank you. Please can we now proceed then with any written questions received live during the meeting from online shareholders?

Attendee

Thank you, Mr. Chairman. Our first question is from shareholder, Mr. [Ronald Guy]. Recently, in the European Union Court, Western Sahara won its case over the Morocco trade agreement with EU regarding resources. Australia is free from WS phosphate, but not New Zealand. How will you ensure wine from New Zealand does not become unethical?

John Mullen

Specifics, I'll rely on Tim here, but we've got a very active and well-managed sustainability program throughout the company. And I think you heard in some of the earlier comments that I can't remember how many millions of liters it is now, but all produced from sustainable vineyards around the world. So I'm very confident that we'll be on top of that.

Tim, do you want to add anything?

Tim Ford

A couple of things. One is that's an outstanding question. So thank you. I hadn't really thought about it, but the real simple answer is New Zealand wine growing region, particularly in Marlborough, where our asset base is, our vineyards are, I would say, is leading the globe in consistency of sustainable farming. You could argue it's a relatively small, contained region, but the consistency of application of it across all of Marlborough leads the way. So I have very high confidence that the flow-on effect of what you explained, as part of your question, has a very, very low risk of impacting the quality of our farming heads, the quality of our grapes with the Sauvignon Blanc brands and Pinot Noir brands out of New Zealand.

John Mullen

Thanks, Tim.

Attendee

The next question is from shareholder, Mr. [Ronald Guy]. In Australia, there have been lots of cases of itinerant and Pacific Island workers being exploited, modern day slavery. How does Treasury make sure this is not happening directly or in its procurement supply chain?

John Mullen

Another good question. So again, as I mentioned before, part of our sustainability programs, the whole ESG focus, which is really well run in TWE, is a commitment to ensuring that modern slavery practices do not happen, not just in our own company but also in our suppliers. Our suppliers, great growers and others are all audited annually to ensure that those practices don't exist in any of our supply chain.

Attendee

Thank you, Mr. Chairman. That concludes the written questions received live during the meeting from online shareholders. However, I understand we have another question from the floor.

Attendee

Mr. Chairman, we have a further question from shareholder, Mr. [Michael Strakosch].

Shareholder

I was wondering how much capital has been invested in China when it is subject to sovereign risk. And two, has anyone in the auditors work for PwC in the past 10 years? Two parts.

John Mullen

And the last bit, anybody in the auditors?

Shareholder

Worked for PwC in the past 10 years.

John Mullen

I can't speak for our auditors. I think that's a question for them. But I'm not sure that's entirely relevant.

Shareholder

It is. It goes to the probity of the audit.

John Mullen

Well, I would disagree with that, sir.

Shareholder

Obviously, you and I disagree on that.

John Mullen

We may do, but let me finish. PwC's issues around their tax practice are very well documented, and it's not for me to speak on what they did or didn't do, but PwC elsewhere is a fine company with fine reputation in lots of areas. And I'm not going to start bad-mouthing them because of something that happened in an area not relevant to us. We don't use them for tax advice.

Shareholder

And the first part?

John Mullen

Remind me.

Shareholder

Capital in China and the sovereign risk.

John Mullen

Well, firstly, I'd say we're very conscious of that, and we've discussed now as particularly as we're ramping up, not to overcapitalize. So we're not going to spend hundreds of millions of dollars in China for exactly that reason, but we are committed to the market. And we have invested, what, less than \$50 million, I think?

Tim Ford

Yes. Yes. I mean, very, very early days, small investments. And they continue to be small-ish investments, but strategic investments as we do in other regions where we find it very, very important to be part of the local wine industries. So we'll continue to explore that as we do have in France, we have in Italy, in other markets as well, but taking into account clearly the risk that you outlined, we're well aware of those.

John Mullen

I think all credit to Tim and the team, but one of the reasons why China did lift those restrictions or the tariffs that were imposed was because of the commitment that Tim and the China team made. I think you heard earlier, we kept 120 people, I think, during or we could have made everybody redundant, but we didn't. We kept them on. And I think China has recognized our commitment long term to the country. So we're now very well placed as it reopens.

That said, obviously, sadly, in today's geopolitical world, we've got take good notice to sovereign risk, and you're absolutely right, there is sovereign risk there. So we're not going to let investment get to a level where it would be threatening to us to the company, if God forbid, there was some other incident.

Good. I think that means there are no further questions. We're good?

Attendee

Yes, no further questions online.

John Mullen

Great. With no further questions, that concludes our discussion on the items of business. And thank you all very much for your questions. Voting will close shortly. If you have not done so already, please cast your vote on all resolutions now.

[Voting]

John Mullen

And that now covers all of the business before the Annual General Meeting. Thank you for your attendance and participation, and I hope that this has been an opportunity for you to learn a little bit more about Treasury Wine Estates and its exciting future. As I mentioned earlier, the final outcome of the polls will be announced by the notice to the ASX later today and placed on the company's website.

For shareholders attending in Melbourne, refreshments will now be served in the foyer. And our directors and members of our executive leadership team and senior management will be available to introduce themselves to you. Although the business of the meeting is finished, there will now be a 5-minute period during which you may finalize your voting, and the meeting will close at the end of that period. Thank you all very much for your attendance today.

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