Investor Update
2025-06-24

Presentation

Operator

Thank you for standing by, and welcome to Treasury Wine Estates Investor Update. — ***Operator Instructions*** — I would now like to hand the conference over to Mr. Tim Ford, CEO. Please go ahead.

Tim Ford

Thank you, and good morning, everyone. Thank you for joining us at the TWE Investor Update. Joining me is Stuart Boxer, our Chief Financial and Strategy Officer; and Bijan Taghian, our Global Head of Investor Relations and Treasury.

In terms of the agenda today, the purpose is twofold. Firstly, to provide a brief update on business performance, including our expectations for fiscal '25 delivery as well as aspects of the outlook for fiscal '26; and then to provide an overview of our new luxury portfolio-led divisional operating model that we will be moving to effective the 1st of July, including a restated historical financials. There will then, as always, be an opportunity for us to answer your questions once we've gone through the presentation.

It's also worth noting that all statements and outlook statements provided on today's announcement have been reviewed and approved by the TWE's Board of Directors.

Turning first to our business update. As we disclosed recently, fiscal '25 EBITS is expected to be approximately $770 million, up 17% on the prior year with our luxury-led focus driving strong financial performance in fiscal '25. Penfolds continues to deliver strong performance as reflected in the expectation of low double-digit EBITS growth in fiscal '25 which is in line with our guidance, and Treasury Americas fiscal '25 EBITS growth will be driven by DAOU.

As we approach the end of the year and the fiscal year, preparations for the transition to our new luxury portfolio-led operating model are complete, and the change will become effective next week on the 1st of July. This new model includes the creation of the Global Premium Brands division, which will be named Treasury Collective which will consist of the combination of Treasury Premium Brands and also the Treasury Americas Premium Brand portfolio. This evolution marks a very important step forward in reinforcing clarity for our global portfolio, differentiating clearly between our luxury and premium brands and their differentiated execution priorities.

For fiscal ’26, we expect another year of NSR and EBITS growth for TWE as a group, once again being driven by our luxury portfolio led by Penfolds and DAOU. We expect Penfolds’ positive momentum to continue. We now expect low to mid-double-digit EBITS growth for the Penfolds division from the previous target of approximately 15%, reflecting a deliberate decision to step up investment in fiscal ’26 in our sales and marketing overheads in Asia ahead of incremental wine becoming available in the second half of the year.

In Treasury Americas, EBITS growth is expected to be modest in F ’26. This reflects the current economic uncertainty in the United States, which is impacting consumer demand for wine and which has become more pronounced through the second half of fiscal ’25, and we expect that to continue into fiscal ’26.

For Treasury Collective, our new division, we expect the top line declines to moderate on the path to a very clear objective of stabilizing both the top and bottom line performance over the medium term.

And finally, today, we are announcing our intention as part of the F ’25 results release in August to launch an on-market share buyback for up to 5% of our issued capital, and I’ll touch on this in more detail shortly.

In relation to our performance expectations for this fiscal year ’25, some additional key callouts are provided on this slide. Penfolds’ low double-digit EBITS growth was driven by a strong performance in China driven initially by the rebuilding of distribution for the Australian country of origin portfolio and then supported more and more by consumer demand-driven depletions growth, which we expect to be in line with expectations for the core wines in the portfolio.

In Treasury Americas, DAOU is expected to deliver low double-digit NSR growth, in line with its medium-term target. And as previously announced, the premium portfolio performance has been below our expectations we set at the start of the year, particularly for 19 Crimes with fourth quarter shipments reduced in line with this. At the Treasury Premium Brands, TPB performance in second half of ’25 is moderately ahead of the guidance we gave for performance in February, driven primarily by cost improvement.

Turning now to capital management and our intention to announce an on-market share buyback for up to 5% of issued capital as part of our full year results update in August. The intended buyback reflects the Board’s and management’s confidence in our strategy, the financial strength of our business and our long-term outlook and also reflects the Board’s fundamental belief that our share price is undervalued at current levels. Importantly, the intended buyback will be completed in line with our long-standing and consistent capital management framework with leverage expected to be approximately 2x by the end of F ’25, which is in line with our target range and also in line with the guidance we provided at the half year results update in February. Supported by our expectations for free cash flow generation in F ’26, our intention is to maintain leverage at approximately 2x, and we will size the final buyback detail accordingly.

Now the focus for the remainder of today’s update will be the detail of the evolution to our new luxury portfolio-led operating model. We'll take a moment to reflect here over the past 5 years where this company has undergone significant change, including, most notably, the strategic shift in our portfolio focus towards luxury wine. This has been partly in response to and in anticipation of powerful category and consumer trends, but also what we consider to be our clear strategic competitive advantages as a company. This is reflected in our vision to be the world's most desirable luxury wine company, and we've made strong progress towards this vision over this period. We've invested in luxury brands, including the acquisitions of Frank Family Vineyards and DAOU Vineyards, and invested in our luxury production asset base, including our world-class wandering in the Barossa Valley. And we've also created new luxury sourcing and production capacity in Bordeaux in France and Ningxia in China.

We've expanded Penfolds global presence to establish leading positions in key luxury wine markets throughout Asia and Europe while strengthening the brand's presence here in Australia. Importantly, we've also strengthened our organizational capabilities in sourcing and winemaking, which have contributed to very strong recent vintage outcomes as we have done the same with our data and digital capabilities and our brand marketing, particularly for luxury brands like Penfolds.

We have transformed our supply chain, including significant cost management, which has ensured our luxury portfolio remained highly profitable, high margin despite the reduction in network volume from the lower commercial brand portfolio sales and despite the significant inflationary cost impacts of the past period. And finally, we have made the changes to implement the new divisional model we are laying out as part of this update for you today.

TWE, today, is a significantly stronger and more focused business and the clear global leader in luxury wine. Our luxury focus has driven clear improvement in our performance, as you can see in the charts on the screen, as reflected in approximately 50% increase in EBITS from F ’21 to now accompanied by the strengthening of a number of key financial metrics that have been our focus, including net sales revenue per case, which has increased by 2/3 over the same period, with luxury portfolios now representing 56% of group NSR, up from 37% and EBITS margin increasing over 5 percentage points over the same period.

Whilst ROCE has improved through a significant period of change and also investment, we now expect this metric to grow as we leverage the strategic investments that have been made over the last 4 to 5 years. Important reminder of the fundamentals of this category. The fundamentals of luxury wine remains strong with solid growth continuing across the majority of our markets and luxury wine consumption continues to outperform lower-priced segments in the wine category. This is underpinned by the growing consumer desire for quality, for exclusivity and for experiences with the wine category very well positioned to connect with lifestyle and culture at higher price points, along with the continuing focus on health and wellness, which is seeing consumers drinking less but drinking better.

These dynamics are reflected in the charts shown on this slide, which is based on the latest data release from IWSR, the source we’ve used for multiple years, and shows the global luxury wine sales grew by approximately 5% in 2024, ahead of the CAGR over the past 5 years.

But there are 2 notable call-outs worth highlighting for today. In the U.S., while consumption growth for luxury wine remains healthy, we have seen recent moderation. And that reflects the effects of the elevated economic uncertainty currently in that market, which I’m sure we’re well aware of, which has impacted consumer spending in the wine category, but also more broadly right across the economy.

And in China, pleasingly, we have seen the market show a very strong return to growth in 2024, benefiting, no doubt, from the reintroduction of Penfolds as the #1 wine brand in that market. While overall market size does remain below that prior to the pandemic, we remain very, very confident in the outlook for luxury wine consumption in China over the long term, particularly for a brand like Penfolds.

And as we look to enhance our focus on luxury, we are now moving to our new divisional operating model from the 1st of July, a model that we believe reinforces the quality and strength of this business. Our strategic focus under this model is clear: Two outstanding luxury brand divisions, Penfolds and Treasury Americas, which will be the clear growth drivers for Treasury Wine Estates moving forward focused on delivering consistent top and bottom line growth. Combined, these 2 luxury brand divisions represent around 85% of group EBITS. With the quality of the respective portfolios and their financial profile reflected in their respective net sales revenue per case and EBITS margin numbers, Penfolds have an NSR per case of $373 at a margin of 45% and Treasury America's NSR at $376 and a margin of 31%.

Our new separate division, Treasury Collective, will house our global premium brands and represents the combination, as I've said earlier, of what is currently the TPB division or Treasury Premium Brands, as well as the Americas Premium Brand portfolio. In its own right, this business, Treasury Collective, is among the world's leading premium wine businesses with a very clear focus to deliver top and bottom line stability and play the supporting role it will play for the luxury-led strategy. A reconciliation of the old to the new divisional model is contained in the supplementary information section in the presentation.

So with that, I'm going to hand over to Stuart, who's going to provide you a bit more detail on the execution drivers financial profiles and the F '26 expectations for these 3 divisions.

Stuart Boxer

Thanks, Tim, and hello, everyone. Starting with Penfolds, where the vision to be a global luxury icon and the execution drivers of growing global demand, increasing distribution and availability and optimizing the portfolio remain clear and unchanged.

As Tim mentioned earlier, the Penfolds team, led by Tom King, continue to execute strongly on their plans, and we remain very confident in the long-term trajectory of this business. In fiscal ’26, our expectations for low to mid-double-digit growth will be driven by increased availability for the Bin & Icon portfolio coming from the 2024 full vintage. We sell through to be weighted to the second half, meaning EBITS delivery will also be weighted to the second half, representing around 55% of full year delivery.

We continue to expect positive momentum throughout a number of markets in Asia, including China, where the reestablishment of the Penfolds Australian country of origin portfolio continues to progress well. Penfolds continues to be one of a handful of alcohol beverage brands that is delivering increased profitability for our direct customers and is the leading luxury wine brand in China with a share of 29%. As highlighted earlier, fiscal ’25 shipments are expected to be delivered to plan, enabling the delivery of low double-digit EBITS growth for the year in line with guidance.

Full year depletions for the Bin portfolio, including Bin 389 and Bin 407, are forecast to be broadly in line with expectations. Depletions performance for some ultra luxury tier wines have been below our internal growth expectation, albeit still in growth with additional resource and targeted investment planned in F ’26 to support improved momentum for this segment of the portfolio specifically.

It is important to note that following our focus on rebuilding distribution in China through F ’25, customer inventory holdings across a number of Penfolds key markets are now well below historic levels, while depletions performance remained strong, most notably throughout the rest of Asia. And we expect this to support the delivery of Penfolds global growth expectations in a balanced way through F ’26. Finally, the recently completed 2025 Australian vintage has delivered another year of strong intake for the Bin & Icon wines, a fantastic outcome that will support Penfolds’ growth trajectory into F ’28 and beyond.

Turning now to the luxury-focused Treasury Americas division. The financial profile highlights the quality of this business. NSR per case is similar to that of Penfolds, a company by an attractive EBITS margin above 30% with the difference to Penfolds margin, which is approximately 45% being largely due to the higher costs of sourcing in California in comparison to Australia.

Treasury Americas’ vision is to be a leader in luxury consumer experiences and engagement anchored in its world-class U.S. wine estates. There are 3 key execution drivers for the business moving forward. Firstly, strengthening our market-leading luxury portfolio and the unique identities of our brands through the use of detailed consumer and market insights. Secondly, within the U.S. trade channels, growing distribution availability and velocity ahead of the category, expanding the market leadership of DAOU while continuing to drive growth for Frank Family and our luxury portfolio brands, Stags’ Leap, Beaulieu Vineyard and Beringer. And finally, in the highly profitable and important direct-to-consumer channel, delivering exceptional estate consumer experiences to drive growth ahead of the category.

As Tim outlined at the beginning of the call, EBITS growth for the Treasury Americas’ luxury portfolio is expected to be modest in fiscal ’26. Within that, we expect DAOU’s NSR growth to be below the low double-digit medium-term target in fiscal ’26.

With respect to the distributor transition process in California, we have been progressing negotiations with multiple potential parties as we seek a new partnership in that market for the #1 luxury brand portfolio in California. We will provide a further update on these transition plans at our full year results in August. We have also provided some additional insight into the profile of the Treasury Americas' luxury brand portfolio.

In terms of the top line, DAOU and Frank Family account for 2/3 of the division NSR, with the other brands, including Stags' Leap, Beringer and BV contributing the other 1/3. The sales channel profile of Treasury Americas is well diversified with off-premise comprising retail chains and independent liquor outlets representing just under 60% of NSR, whilst on-premise and direct-to-consumer each represent around 20% of NSR.

Given the focus of analysts on tracking high-frequency scan data, we've also provided insight into the extent to which our portfolio depletions are captured by Nielsen. Information, we believe is important to share in order to give the appropriate context to any read-through of total brand performance from this data. As you can see in the bottom right-hand side of this page, Nielsen covers 27% DAOU depletions and around 20% for each of Frank Family, Stags' Leap and BV. So whilst indicative, they are not always a thorough read of total brand performance and should be referenced accordingly.

Turning finally to our new global premium division, Treasury Collective. The vision for Treasury Collective is to be recognized as the leading premium wine business globally. The execution drivers for Treasury Collective are to build brands of meaningful difference and scale, particularly for those brands which have a global footprint and strong growth potential. Secondly, to recruit consumers to the category through disruptive innovation, a real strength of this business and part of its DNA. And importantly, stabilizing portfolio volumes led by focused investment and brand activation. As we look to F '26, we expect Treasury Collectives' top line decline to moderate on the path to stabilization with continued growth from the priority ramp portfolio to partially mitigate the impact from continued decline in commercial brands.

The path of stabilizing the performance of Treasury Collective has 4 key elements: More focused global priority portfolio with clearly identified roles for individual brands across key markets; more effective and efficient allocation of resources and brand investment to drive awareness and distribution for priority brands, supported by tactical volume-focused initiatives across the remainder of the portfolio, including commercial brands; a streamlined and more efficient global approach to leverage our global scale; and greater focus on category capabilities and strengthening customer partnerships.

The Treasury Collective portfolio consists of 3 distinct brand groups with very different target consumers and growth profiles. The priority growth in innovation brands represent approximately half of NSR and will be the growth engine for the division, targeting consistent growth ahead of the category. As you can see on the slide on the left-hand side, these brands delivered an impressive global NSR compounded annual growth rate of 13% in the 4 years to F '24, with innovation being a key driver of performance.

The collection of regional brands, despite being smaller in scale at just over 10% of the divisional NSR, play important roles in key markets and have ongoing focus on gaining share. And finally, the commercial brands on the right-hand side where the goal is to simply deliver performance in line with the commercial category, where we expect the structural decline to continue.

On this slide, we provide some additional information on the NSR profile of Treasury Collective. Key markets are well balanced across U.S., EMEA and Australia. While from a channel perspective, around 90% of revenue comes from off-premise sales, principally from large retailers in each of the 3 key geographies.

Now I'll hand back to Tim.

Tim Ford

Thanks, Stuart. So to conclude today's presentation, I'd just like to finish on 3 points. First one is, we've shown today, based on the performance over the last 5 years, the shift – the fundamentals of our business remains strong, reflecting the luxury-led focus led by Penfolds and Treasury Americas, which, as you see, has driven significant improvement in our financial profile and will be the driver of our earnings growth going forward.

Secondly, the new divisional operating model provides us with the appropriate focus and structure to maximize the performance of our portfolios in the support of this luxury-focused strategy. And thirdly, very importantly, the team are crystal clear on what they have to execute for fiscal '26. And we're crystal clear in terms of how we're going to manage the transition from a CEO perspective from myself to Sam Fischer in the first half of fiscal '26 as we launch into the next year of growth and success for this company.

In addition, we hope this update has provided you with some real insight into our business performance and outlook, but also the new operating model for this business and the detail behind it and how we'll report this business going forward. And we look forward to sharing additional information at our full year results announcement in August.

So with that, I'll hand over to the operator and open it up for questions.

Question and Answer

Operator

— ***Operator Instructions*** — Your first question today comes from Ben Gilbert with Jarden.

Ben Gilbert

Just interested in terms of the luxury side of things for Penfolds, what are the views around pricing? You look at — ***indiscernible*** —, et cetera, now that's looking at pricing in China. You got some of your China competitors talking about needing to take price down. Is there any thinking about needing to readjust the pricing structure or strategy within market, potentially pushing some of the lower tiers to drive engagement and bring your luxury side down?

Tim Ford

Thanks, Ben. No is the answer. We won't be adjusting our pricing for fiscal '26, and we haven't adjusted any pricing from our wholesale pricing in fiscal '25. I think we've shown, over time, that we're sticking the course on the pricing structures. And as we look forward around more wine coming online in second half of fiscal '26, and then going forward after that, we certainly believe we've got the pricing right. So no, there won't be any adjustment whatsoever in terms of that.

Ben Gilbert

And just a second one for me. Just in terms of incremental profitability as the Treasury Collective portfolio, how are you thinking – obviously, those incremental margins have been coming back a little bit. In terms of the ability to sort of expand margin there looking forward, it's obviously sort of probably pretty much sort of starting to wash and maybe a little bit more than the corporate costs. Do you expect you can actually lift profitability in that looking forward?

Stuart Boxer

Yes. Look, I'll take that one. The view on that one, when we talk to sort of this part of stabilization, Ben, our view is that, that stabilization profile looks very much sort of flat bottom – flat top, flat bottom line broadly, which means that margin profile of around that 10% is probably about the right base for that business. That's the way we think about it rather than necessarily looking to expand. That's obviously a nice thing to do, but for now, it's that stabilization approach.

Operator

Your next question comes from Michael Simotas with Jefferies.

Michael Simotas

First one for me is on Penfolds. Could you just make some comments on inventory in the channel in China, particularly for some of those ultra luxury tiers? And then just picking up on your comment around some of the markets around the world sitting on lighter inventories, is there a plan when the increased availability comes through to reallocate some more Penfolds back to those markets? And is that different to what you were originally planning? Or was that always the plan to do that?

Tim Ford

Thanks, Mike. On the first topic of inventory levels today, and really, we've got our orders either shipped or on water, et cetera, so we've got a pretty good view of what the finishing position will be around inventory. From an L&I point of view, so Luxury and Icon, which is essentially Grange and 707, our inventory levels are slightly higher than where we planned them to be at the start of the year, but not significantly higher. And you sort of see the focus we have around the investment we're going to add in the Asian markets, in China, in particular, over the course of fiscal '26, will be dedicated to that in terms of that higher end wines to really grow demand through what is quite a different selling approach.

When we get to the Bins and the broader portfolio where essentially the volume is within Penfolds, the inventory levels across the markets – market in China itself is where we expected it to be, and we're very comfortable it's the right inventory level for the growth and for that market into fiscal '26.

The other Asian markets, as we said, are at lower levels than what they've historically been. And that was planned through fiscal '25. We outlined that as what the strategy was to rebuild the distribution in China over the course of this year, almost completed. And we've delivered on that. We also – we'll stick by our commitments we've made to all those customers that fiscal '26 will be a year where we rebalance that from a shipment point of view to ensure that they have the inventory levels back to more normalized levels, if you like, over the course of next year.

So it will be much more weighted towards other markets outside of China in fiscal '26 than it has been in fiscal '25. To the point where if you think about Asia as a total, there'll be more in the markets outside of China from a shipment point of view than into China itself.

So that's how we planned it. That's how it's played out. And our customers, believe me, in the markets outside of China are very happy that, that's the commitment we've stuck to. I think you're going to – I think I got all those bits…

Michael Simotas

Second one for me is on the U.S. Yes. No, I think you did. On the U.S., just how we should think about the potential impact from the U.S. or the California distributor transition? And in particular, how you manage the inventory through that transition given demand has been pretty soft and you've called out shipments being ahead of depletions for some of the brands?

Tim Ford

Yes. Yes, so I'll start with the second part of that. So from a – I mean, distributor transitions, as you know, we're pretty good at doing those and have done multiple of those over the last few years, generally our own doing as opposed to our actual distributors doing, which is a uniqueness in this situation. But in terms of the mechanics of that, once – we're in negotiations at the moment with a few parties. So I'm not going to sort of delve into the detail at this point in time. We'll clearly give you more of an update when we finalize those. But essentially, the inventory that was – is in our current distributor will transfer to the new distributor when you make those changes. That's mechanically how it works and in terms of how those agreements work. So that's point one.

I think point two would be that as you go through these transitions, there's a couple of key stages. One is agreeing the shipment and depletion plan with them, which clearly is part of our negotiations and discussions with them at the moment. And all of those discussions are around growing in California going forward, where we haven't in the last 12 months. I mean the performance in California through RNDC has certainly been underperforming our expectations, and that was at the half and it still has been in the last 6 months. So the growth perspective, looking forward for California once we make this transition, we have very high confidence and will support the growth across the total of U.S.

But as you train new salespeople as they bring more people online with the chosen partner, which we haven't finalized that decision yet, there is a period of change that takes place that means there is going to be some change in transition change that happens within the depletions plant. I think the good news for us in California is we have a pretty significant sales team ourself within California. It's always been there to supplement the distributor sales force, nowhere near the same size. But key accounts, yes, what we've been focusing our attention on whether that be retail or on-premise key accounts, to make sure that we do not lose distribution through this phase. So when we make the transition to the new distributor over the coming weeks and months that you minimize the risk of losing distribution because the velocity will pick up once you bed that down, but you can't lose distribution through that period of time. And that's our focus on those key accounts at the moment.

So it will be a disruption. There wasn't a planned disruption. It will be a short-term disruption. And we've built that disruption into our view of how we see performance in the market going forward. But we also need to finalize all these arrangements, including our exit arrangements with RNDC in California before we can give very clear, I guess, outcomes of what we see within that market in California for fiscal '26. So we expect we'll do that at the results announcement, given it is really mid-train at the moment.

Operator

Your next question comes from Tom Kierath with Barrenjoey.

Thomas Kierath

Just a couple for me. First one is the DAOU synergies. I suppose the simple way to ask is where do they go? And how they – are they going to be executed in '26? And if they are, like why is the, I guess, the base business going backwards so much? I think it was USD 35 million is what you're guiding to?

Stuart Boxer

Yes. So no, they are built in. Some of them are already in this year, as we talked about, and then the increment is coming in next year. Obviously, they go into typically cost of goods sold is a big component, although some of it going to overhead. So look, they are built into the numbers that increment overall. So they are in there.

Thomas Kierath

Okay. Great. And secondly, just on the Penfolds downgrade. It's just interesting that you're saying it from sales and marketing expense rather than demand. Can you just maybe clarify exactly where the sales and marketing expense is going to? And yes, I just would have thought maybe demand has been a bit weaker, given what's going on in the market.

Tim Ford

Yes, sure. So you sort of dimensionalize it. The downgrade, as you call it, is broadly about an incremental $10 million of investment. So it is in people, in sales force in China in particular. As we've looked at the demand at that top level around Grange and 707, in particular, we want to invest more in terms of people on the ground to really open up and access more of those high net worth networks. So that's a conscious decision we've made as we look at that real top end. That has not delivered on our expectations, albeit they've been fairly – it's been fairly good growth numbers, but not to our plan. So we will generally always – as you followed us for a long time, Tom, we will continue to invest behind this brand where we see areas of softness that we need to address. And we think the people side of it, which we broadly half of that investment. And the remainder is in brand marketing, A&P investment.

When we look through second half of fiscal '26, we look through fiscal '27, we look through the future of Penfolds, you look at the strength of that brand in that market at the moment, we've got high confidence that incremental investment will drive incremental demand as we go through. So I think from that perspective, it's the right decision. Yes, it might cost us 1.5 points in terms of growth from a year-on-year perspective, but it will absolutely reinforce the future growth of that brand going forward, which is the right decision.

Operator

Your next question comes from Richard Barwick with CLSA.

Richard Barwick

Can you just clarify a little bit more around the DAOU synergies, just following on from Tom's question. I think you'd said at the half year that about USD 30 million of the synergies would be captured or realized within FY '26. And so therefore, leave a residual 5 coming into FY '27. Is there any change to that sort of timetable on those quantum?

Stuart Boxer

No, there's no change to that at all. And look, the other perhaps color to give there is as we then think about that overall new luxury division, some of the considerations that we have been making – or first, actually, just to step back a bit, some of those synergies will also be realized within the Treasury Collective business just because it does utilize some of those production assets. And so the full amount won't be in luxury, it will be split. So that's sort of one thing to consider.

And the other piece of it is as we've sort of thought about that business, we've also just considered the rest of the P&L and where the investment goes to support the growth of those luxury brands. And so they're probably the 2 components to think about.

Richard Barwick

Okay. Can you be a bit more specific there, Stuart, in terms of how much would be dropping into the Collective?

Stuart Boxer

Not at this stage, Richard, sorry, we can't. But most of it will be in the luxury part.

Richard Barwick

Okay. And then just another one for me. We talked about – I think you used the phrase reestablishment of Penfolds in China continues. And so can you just give us a sense there, what exactly do you mean by – or I guess maybe how far through the process of reestablishment? Because where I'm going with that is obviously, you've got more volumes available to sell at the back end of FY '26. So when you talk about reestablishment, is that actually about widening the number of distributors you're using, widening sort of distribution points, et cetera? And at what point is that process done? So I'm just trying to get a sense of adding more points – sale points as opposed to where we would probably be in a more genuine like-for-like type basis.

Tim Ford

Yes. Yes. It's a fair question for clarity, I think. I mean the reality is we still don't have the wine to really continue to broaden distribution through broadly at the Tier 2 cities, et cetera. So I'd say the full reestablishment will really kick in earnest in that second half when we get more wine. So maybe we should actually stop using the term reestablishment because it is about then building out further distribution to give clarity to that. I mean the reality is the brand is back #1 in the market. It's in the distribution channels we want it to be in. Yes, we're selling through the wine that said some softness at that real, real top end, but broadly the rest of the portfolio in good shape. So it is about distribution growth, et cetera. So yes, I think that's a good clarification, actually.

Richard Barwick

So just to be clear on that, does that mean that sort of build out of the distribution, do you see that being in place by the back end of '26? Or is that still into an FY '27?

Tim Ford

No, there is still going to be multiple periods of distribution growth in that market. I mean if you sort of compare it back to where we were, which we all like to do, we still have distribution runway back in 2020, when we've been there for multiple years. So I think this is a topic of growth and an area of growth for Penfolds in China, but also in the other Asian markets where it will be continual for years to come. It's not going to be a point of time where we go end of FY '26, it's done. There will be more and more to come. No doubt about that. And that's why we have to invest behind the brand, just keep building the brand.

I mean you think about brands that are driving growth and driving profitability for customers at the moment in China, there's very few, right? And there's very few wine brands, and there's probably only a handful of baijiu brands at the moment as well, but Penfolds are certainly one of those. And how we build that deliberate distribution growth over time to maintain and enhance where we can margins for those distributors in those Tier 2 businesses is something we certainly have in our pipeline and strategy over the next 5 years, not just second half of ’26.

Operator

Your next question comes from David Errington with Bank of America.

David Errington

Firstly, Tom and Richard were pretty polite on the synergies with DAOU. You got $35 million coming in ’26, and you’re a bit evasive. Where the question is coming from is DAOU is a business that looks to be going backwards big time in ’26, where you’re saying that Treasury Americas luxury is going to only do modest growth in ’26, and that’s dependent upon your distributor situation, and that’s with a huge pickup in synergies, $35 million in synergies.

So the question is, why is that luxury market going backwards so fast? Is it structural? Is it just your brand portfolio? What’s going on? Because at the moment, Tim, the question, where I’m coming from, is that DAOU acquisition looks to be a very disappointing one for Treasury Wine. It looks like it’s proving to be not a great decision. So can you talk about why you still believe DAOU is a good acquisition when the underlying business is going backwards so much?

Tim Ford

Sure. I mean to start with the category, okay, so clearly, there’s consumer weakness in the market across most products at the moment in the U.S. And we’ve seen the luxury growth above $20. It’s still in growth, but it’s certainly softened over the last 13 weeks, 26 weeks. So there’s a category level of uncertainty there, number one.

Number two is, I think, our performance, and we will hit our plans on DAOU in fiscal ’25 in terms of the way we’ve outlined those to the market. And as I look around the country there, yes, California has been a challenge. No doubt about that. And I don’t think we’ve hidden from that. And this transition, we will make, we have high confidence that will return DAOU in that market itself to the growth that we've seen up until the last sort of 9 months. Outside of the Californian market, the brand continues to grow at the top line level pretty close to what our medium-term targets are.

So that gives us confidence the brand growth is there, the consumer engagement with us there. There's a California challenge we've got to sort out. And I think it's pretty clear with the distributor changes happening there why that's occurred, number one. And so I think there's confidence there that it works and it's delivering from that perspective.

What it also does is when you think about the portfolio itself and the business itself there in the U.S., we've created the #1 position for our luxury brand portfolio in that market. And yes, there's some current issues in California, we will deal with. But as a platform of a business, to have that #1 positioning in the world's largest luxury wine market, with a margin structure above 30%, as we've outlined today, and we expect to improve over time, which gives us more to invest behind brands, which will drive the growth of not only DAOU, but the other brands in that portfolio, yes, we absolutely have the belief that, that will continue to be a growth engine for this business.

So from that perspective, the strategy is very clear. It's delivering on that strategy. The synergies don't all go to DAOU as a business. The key measure of DAOU is top line going forward as a brand. And from that point of view, we're not walking away from any of our commitments we've made other than based on the market conditions and the California short-term disruption that in fiscal '26, we see that top line still growing but not at the level of the medium-term guidance. So that's how we have the belief in the brand. We have a belief in the acquisition. We have belief in the business. That it is a wonderful platform and a very different platform to where we've been in the past in the United States.

Now clearly, we will disagree on this, David, and it hasn't ruined my morning because it's a fair question at all. I really do think this will be seen as a very, very positive acquisition, and I see today, it is a positive acquisition to this point.

David Errington

Okay. No, good answers, Tim, as always, good answers. The second one is the logic of doing a buyback. Now I like buybacks, but only when the company has done something like sold the division or got excess franking credits. You seem to have made that – this is not you, but the Board has made a decision just because the Board thinks the stock is cheap. Now okay, let's go into that.

What really took me back a little bit today was the fact that you've got excess inventory of range. That never happens. That one used to always be on allocation. You've got huge troubles ahead of you in the U.S. that you've got to work through, and you've got plans by the sounds of it.

With so much uncertainty at the moment, I just wonder why – what – can you give us some confidence as to why you believe your cash flow is going to be that good next year that you can allow yourself to do a buyback by pushing your balance sheet out? Firstly, your cash flow, you're not going to factorize debtors. Hopefully, you don't do that trick. We saw that 10 years ago.

And secondly, I hope you don't have to buy back a lot of inventory that we saw 10 years ago because distributors are locked up. So can you give us a bit of confidence that your cash flow is that steady that you can do this without basically doing some funny tricks on the side.

Now I don't want to be disrespectful, but I've seen this. I've covered Treasury a long time. I have seen debtor factorization. I have seen distributors where you've got to buy inventory back. Can you give us some confidence that this is not the case and that this is a really bona fide good share buyback that's going to add value to shareholders? Can you do that for us? That would be great.

Tim Ford

Yes. I'll get – Stuart will give you more color, but I just want to touch on one thing you said around excess inventory of Grange. Our depletions on Grange globally are not in line with our internal plan. There's some softness there, but there's – the term some softer shouldn't be seen as the bottoms for out there is growth in that product. There's growth in Grange across the world. And we always balance ships and depletes over the course of multiple years, particularly with that top end L&I.

So please don't take what we've said around that as there is excess inventory. We will not drop price. It is not an issue. We just have highlighted that because yes, there is – it is behind our plan, but it's not at a significant level where we don't believe the investment in people and the investment in the specific activity behind that brand over the next 12 months won't help support that. So yes, that's – I just want to make sure there's some balance in that statement, but that's – other than that, I'll hand over to Stuart.

Stuart Boxer

Yes. Thanks, Tim. So the logic, first and foremost, the logic of doing a buyback at this point in time. It's certainly within our capital management framework. As you would know, David, certainly from the half year results and even in some cases before, as we've talked to you and the market around how we're thinking about our balance sheet after a period of obviously significant investment in DAOU, Frank Family Vineyards and other things, our view was that when we get DAOU our gearing into the sort of the right zone, that capital management is something that we would contemplate. So it's not a new concept that hasn't been spoken about before when we've been out in the market.

Just in terms of the – sort of the mathematics of it, and the way we think about it sitting at around at 2x, that's sort of well within that investment-grade position that we hold, and we're very conscious of staying within that. But we also absolutely balance the opportunity to invest in buying our own stock at this time when the Board sees that the stock is materially undervalued. But we are confident based on the way we manage our cash flow that it's a responsible thing to – for us to do given that we're not planning on any other material investments in the next financial year. It's a good use of capital. So from where we sit, it's a logical thing to consider at this point in time.

David Errington

But you're not going to debtor factorize and you're not going to have to buy back inventory from distributors? They were the 2 issues that worried me because I saw them 10 years ago. And the outlook – when that happens, it's not good. So can you categorically say to the market that you're not going to do those sorts of things?

Stuart Boxer

We're not going to do that. This is all within the ordinary course, David. In terms of doing a buyback in the ordinary course, there's no special tricks that we're going to do to be able to do this.

Operator

Your next question comes from Craig Woolford with MST Marquee.

Craig Woolford

Just wanted to understand this new segment structure, the Treasury Collective business. Would the company consider potential divestment of that entire business? There's the commercial brand, which you've now flagged are continuing to decline. And how do we think about potential separation of the Treasury group?

Stuart Boxer

I think first and foremost, one of the great things about setting up this new divisional structure is that Treasury Collective is now a very focused division with that portfolio of premium brands at the center. And obviously, as we've talked about in that divisional in that sort of split of the brands, we've got that commercial piece, we want to manage against that set of growth brands.

It does play an important role in our portfolio in supporting what we're aiming to do on the luxury side of the business. And so we see it as being an important part of the portfolio. And we do think that pathway to stabilization is something that we can achieve now that we set it up as its own division.

So the concept of any sort of further changes to portfolio, I mean that's obviously something that people will continue to ask about. But as we sit here today, our focus is on driving the 3 operating divisions in the way we've described.

Craig Woolford

So is there any color – I mean we'll get the information at the full year, I assume. But just because the volumes of commercial lines, just given where the price points, would be quite significant. Now you're hinting at the role of the Collective – Treasury Collective business plays, I guess, in manufacturing and other fixed cost fractionalization of overheads. But that could continue to decline if overall volumes are going to go backwards given the share contribution that commercial plays.

Stuart Boxer

Yes. One of the things that's important on that commercial side is that the production side of that is over the last few years, we've increased the sort of outsourced component of that. So by closing the Karadoc winery in Mildura and moving to third-party outsource providers that makes the cost base of that business more variable. So whilst it still does utilize things like bottling, et cetera, so it does utilize parts of our network, that sort of exposure of the overall cost base is less than what it used to be. So we think that's manageable.

Craig Woolford

Okay. And Tim, just a question on the U.S. You've talked about broader consumer spending challenges. I assume you've been broader spending challenges across the liquor industry because some of the data points outside of liquor spending, broader retail spending measures in the U.S. are still chugging along at a fairly decent clip. How do we know there's not a bigger structural problem here with, a, liquor consumption; and b, wine consumption; and c, red wine consumption that's more structural. Those things are concerns that many people have raised.

Tim Ford

Yes. I think the red wine – I mean red wine consumption continues to be the lion's share of the category. So I wouldn't be too worried about red wine consumption. I think certainly, alcohol consumption is continuing to be in decline across the board. And I think the higher price point focus we now have in that market is the place to play. And over the time, you look at history and then you look at through these cycles, and there's a fair bit of, I guess, just uncertainty around where they're spending their money in terms of the alcohol industry anyway. It's obviously what we watch very, very closely and restaurants, which does impact alcohol spending in the United States. It's had that period of 13, getting closer to 20-odd weeks of some softness now, still growth at those price points, but some softness.

It's way too early to say there's a structural change. The structural change is that wine below $15 will unlikely grow anytime in the future. Yes, that's the structural change that I think is very clear, not only in the United States, but starting to become prevalent in other different parts of the world as well, where volume and scale at that point will be the path to glory. So fortunately, yes, we have parts of our business there, but the majority of our earnings and growth will be at the top end luxury price point. So it's way too early to call a structural change, while there's still growth in that price point. I think, Craig, we'll, obviously, monitor it very closely, but I still have strong belief in the luxury price points going forward and the consumer trend that they'll continue to trade up price points but probably drink less year-on-year going forward.

Operator

Your next question comes from Shaun Cousins with UBS.

Shaun Cousins

Maybe just another question on the Americas and just the growth guidance there. It looks like the data you've highlighted the sort of the last 26 weeks was reasonable, but then it slowed quite a lot in the last 13 weeks. And we actually believe that actually may be in decline in the last 4 weeks, recognized 4-week periods are difficult. But is your modest growth guidance for the Americas, is that predicated on the luxury market in the U.S. growing? Or is it predicated on the luxury market in the U.S. declining?

Tim Ford

That been predicated on some growth in the market, but our growth to be outperforming the market as we would expect and should expect because that's what our brands are doing generally outside of California are doing today, and we've got to fix California. So certainly, there'd be moderately – really look at the growth there above $20. I think it still is in growth the last 4 weeks from the data offset. But when you look at it across all channels, but we would expect to outperform the category. And you should expect that of us as well.

Shaun Cousins

Okay. All right. Might be different deal in the last 4 weeks, but that's fine. And then maybe just on Penfolds, you downgraded your '26 guidance. Where does the 15% EBITS growth guidance for fiscal '27 stand? Is that still in place? Is that removed at this time? Could you just clarify that, please?

Stuart Boxer

Yes. We just – we're focusing on F '26 today, Shaun. There's no update on F '27 .

Shaun Cousins

So the fact you haven't removed it means it's still in place. Is that – sorry, is that what you're saying? Because I would assume that you don't change guidance.

Tim Ford

That is correct, Shaun. That is correct. That is correct.

Operator

The next question comes from Bryan Raymond with JPMorgan.

Bryan Raymond

Tim, just following on from Shaun's question on the U.S. Given you're factoring in NSR growth for luxury pre-RNDC impacts, which is obviously uncertain, and the synergy profile that you've outlined. Just, wanted to understand the sort of the solving piece there on the cost lines, whether there's something going on in terms of production costs or if this is an investment that you're looking to make in the U.S., similar to what you've described in China with that ultra luxury portfolio, are you looking to invest in sales and distribution? Or is there something – because it feels like – it feels like the numbers aren't quite reconciling. And then if you got top line growth and synergies to only have modest growth, which I'm interpreting is low single digit. I just want to understand if there's something I'm missing there in the P&L for the Luxury Americas, please.

Stuart Boxer

Yes. So look, we'll obviously provide a bit more of this in August. But conceptually, as we talked about a little bit earlier, it's a bit of sort of a number of the things you talked about, but a little bit of investment in sales and A&P to support growth of that business as we set up a new division. That's a little bit of what's going on there, but we'll provide a bit more detail in August.

Bryan Raymond

Okay. And then just on the historical inventories for Penfolds outside of China. I just want to understand the period of time you sort of are looking at there in a historical context. Is this during the period of the China tariffs? Or is that prior to that period, given there's some concern around the market right or wrongly that inventory in those markets could have been a bit elevated to facilitate the gray market into China? I just want to get clarification on which reference period you're looking at there for it to say that inventory is low outside of China within Asia.

Tim Ford

Certainly, specifically – and sort of specifically versus the prior year, finishing position in terms of where we were. But if you look back over those 3 years before that, it would be historically low compared to that as well. Yes. So it's the period of time, certainly over the period where the MOFCOM tariffs or the tariffs are in place in China.

Operator

Your next question comes from Phil Kimber with E&P Capital.

Phillip Kimber

Just a question, trying to understand the new Collective business. And the costs that it absorbs for both Penfolds the Americas Luxury, is – can we maybe put it into 2. The Americas Luxury business, does that have all of its own manufacturing costs sitting within it? Or is there sort of some of those costs that are effectively sitting in or being borne by Treasury Collective and maybe there's some sort of transfer pricing mechanism? And then sort of the same for Penfolds in Australia?

Stuart Boxer

Yes. So in – look, it's a similar approach now in the U.S. to what it is in Australia in that, if I sort of take an asset perspective, there are a number of assets that are predominantly focused on luxury. The wineries we've got there are predominantly luxury in the U.S. But the Paso winery is – still has some premium business volumes. So there will be a share of the cost and a share of the asset base allocated to that Treasury Collective business there.

And on the bottling side, the whole portfolio pretty much gets bottled at the same bottling center. So there's a per case rate that gets borne by each of the businesses as they use our facility. So that's how that works. Most of the sort of owned or leased vineyards that we have within the luxury part of the portfolio and the fruit for the premium part of the business is generally sort of more contract and, therefore, more variable in nature.

And it's a bit similar here in that with the winery in the packaging center here, Barossa and in particular, it's sort of heavily biased towards Penfolds, as you know, but there's also a proportion of that cost that the winery that goes to the premium business. And from a bottling perspective, is a bit the other way just because of the volumes of the premium business that go through the bottling center, so it picks up a share of that as well. They are the big sort of asset-related components, and then there's a proportion of overhead and likely gets borne by the divisions as well.

Phillip Kimber

That's great. And then just a second one, just on the U.S., you're talking about the California distributor change. My understanding is there was a particular change with the spirits company that might have precluded that RNDC exiting California. I understand that could happen in – that spirit change has happened in other markets. So should we expect that the distributor change may be wider than just the California market?

Tim Ford

No, you shouldn't. I think the – you're right in what you're saying. It's been quite well documented publicly. I mean RNDC lost not just a spirit contract, but multiple spirit and RTD contracts in California in particular, which did impact their business. They got it to the point where they've made this decision that they've made, which is the only time I've seen it in 14 years in this business in this category, which is – it's fairly unprecedented from that point of view.

But the natural question is, the right question is, what does that mean for the other markets? The – their current portfolios and other portfolios in those markets are performing well with our portfolio and their business in the other 24 markets. Not every one of them is exactly want it to be, but across those markets, we're pretty happy with that performance of RNDC. They're investing in other key markets. So a good example is Texas. And they publicly stated this as well. The week they announced closing in California, they also announced their increasing their resource investment in Texas, for example, which is another big market for us, in particular, by 120-odd salespeople.

So they're really reorienting their business into those other markets after going on a long period of 3 or 4 years of becoming a national distributor. They're getting very focused on where they have strength to continue to drive the performance. So yes, it's something we've spent a lot of time talking about because clearly, when one of your partners decide to close a business in the biggest market in the country, it raises those questions for us as well. But we've certainly got a level of comfort, but they're the right partner for us going forward in these other markets as well, notwithstanding the fact we're pretty disappointed with the decision, but that's – we'll deal with that and is what it is, and we'll come up with a great solution for our luxury brands in California.

Operator

Your next question comes from Caleb Wheatley with Macquarie.

Caleb Wheatley

Just my first question, a follow-up on the $10 million of investment you called out into the China sales force. Should we think about this as more of a permanent investment? Or is it more just part of the sort rescaling piece and getting back to where you'd like to be. And so at some point, there's an opportunity to take that out and maybe to reallocate that? Or how do we think about that?

Tim Ford

Yes. So it was half – it's broadly half and half between brand A&P investment, which – and half into incremental sales people to drive that business. So I'd consider it as that's an investment that we'll continue to build over time. I mean if you think about how we run the Penfolds business and how we plan the Penfolds business, we start with our double-digit top line objective from a growth point of view. We aim for a very consistent margin around that 44%, 45% EBITS margin. And as the business grows, we invest to maintain that top and margin level that gives us the earnings growth, which generally, each year, has seen us incrementally invest in people and brand.

It's been a very successful model. So that's how we'll continue to do it. So it's not a one-off that will step back in fiscal '27. I wouldn't think about it that way.

Caleb Wheatley

Great. That's clear. And my final question on to Treasury Collective. So I appreciate your comments around stabilization, but I also just wanted to explore the above category growth that you're calling out in that priority portion. I appreciate that it's a challenged segment of the market, of course, but perhaps should we think about that above category growth comment, it's about half of that portfolio, I guess, as we cycle through some of these more challenging conditions. What does that mean to the top line segment over the medium to longer term?

Stuart Boxer

Yes, I'm not going to be able to give you a percentage figure, which you're obviously looking for. But I think I just – you have to make your own judgment on that relative to what you think the category is going to be doing. But I think the thing that gives us a degree of confidence there is back to the page in the deck that shows those 3 components of the portfolio and how that group of those growth and innovation brands have performed really well, well ahead of the category historically. And a lot of that has been driven by the innovation that we've brought. And that's a particular focus of this division. So the degree to which we outperform and what that percentage is, that's unfortunately fair for you to provide. But certainly, that gives us a degree of comfort.

Operator

Your next question comes from Sam Teeger with Citi.

Sam Teeger

I just wanted to talk about China. For the Penfolds' FY '26 guidance and beyond, what are you assuming for the impact from the growth of Chinese wine? There's a lot of feedback up there about its increasing popularity with the consumers and also the impact for the Penfolds portfolio from the outperformance of white wines, given it seems that Chinese consumers are increasingly buying what they can afford and what pairs well with the food.

Tim Ford

I think China, we're certainly on the Chinese wine bandwagon, given we are producing the Penfolds from China. So I think the – if you look at the Chinese wine category, the local category, the vast, vast percentage of majority is sort of RMB 150 to RMB 100 and below, which is not really a significant part of where Penfolds plays. So we think having a strong China wine category is good for the wine category across the board as a general statement, and we've got our nice portfolio that we're going to grow with China source. So if that continues to improve, we don't think it takes share from where we play, but we think it's great for the category, number one.

And the white wine is interesting because there is a movement behind white wine in China. There's no doubt about that, which we think is fantastic. It's still such a small part of the category that we need to build that over time, but the red wine percentage is still so dominant. We think – we've certainly got the wines within the Penfolds portfolio to take advantage of this shift. And it's more female drinkers as well. And it sort of makes sense when you think about baijiu as a white spirit being so popular as well in the market, so we're ready to pounce on that as it comes, but it will take years and years and life times before it gets anywhere near the red wine consumption of the market.

Sam Teeger

Okay. Great. And then on Slide 14, there's a reference to increased profitability for Penfolds direct customers, which is good to hear. But any color you can provide around how important are second and third tiers of distributors for Penfolds, the ones who don't directly have accounts with you? And how do you see their profitability evolving?

Tim Ford

Yes. I think over time, as we have more wine come on board, and we've told this to our Tier 1 and our key distributors. We will look to deliver more directly and engage more directly with Tier 2. And over time, in a Tier 3 cities. It sort of links back to Richard's point at the start once you have that direct engagement. And that will improve the margin structure for those Tier 2 cities or Tier 2 distributors in particular. But at the moment, our wholesale price and margin structure, we can't set the retail price. I'm sure you well know, Sam. But it's designed to have enough margin there for all parties in the value chain. But once you start getting into Tier 3, it starts to get very, very thin. And that's not where we want to be over time.

So we will continue to expand our direct relationships with distributors, more in the second half, but also into F '27, it will be a key focus for Tom and the Penfolds team over that period of time. And that should improve the margin for those, if you like, secondary partners that are, again, taking their margin clip after the initial distributor interaction that we have with them today. Does that make sense?

Sam Teeger

All right. That's – yes, that's good. And just lastly, in terms of your FY '26 Penfolds guidance, are you assuming any improvement in the underlying consumer from where it is now?

Tim Ford

The assumption is based on what we see in the market today. So if there is improvement, reality is we don't have that much more wine to sell. So it'd be great from a continuation of the growth over '27 and '28. But no, we're not assuming within that any significant shift from a consumer point of view because the really important point I'll get back to is our shipment plan for the year is really building the inventory levels outside of China and these Asian customers as well. And that's an important focus for us over F '26 to get them back into where the position they need to be to continue to grow their markets outside of China.

Operator

Your next question comes from Jason Palmer with Taylor Collision.

Jason Palmer

Just going back to the Americas business. Like everyone, I'm trying to work out the underlying decline that you're kind of forecasting for FY '26 on a like-for-like basis after we strip out the DAOU synergies. I know you talked about some investment in sales and A&P to support the division. I'm wondering where you can unpack that a little bit more, please, Stuart. In particular, what provisioning you put in place around the distributor changes in California? And if you are assuming that there are some reductions in profitability across some of those other brands that sit within the BV, Stags' and the likes.

Stuart Boxer

Yes. Like I understand what you're trying to do here. And unfortunately, it's not a lot more that I can sort of share and we'll give you a bit more in August on that one. So it's more what I said. One thing that we have said in the document is that the outlook we've given doesn't take account of any sort of impacts associated with the California distribution change. And that's something, as we work through that, we'll provide an update on most likely in August. So it doesn't include that per se. So really, there's nothing more that I can add at this point beyond what I've said around the different components of this, where the synergies go and that investment to help support drive the growth we want to across the portfolio. So apologies, but that's really all I can give you today.

Jason Palmer

I get that. But I guess where that leaves us is where do we, as a group of analysts, get to – when we go out 12 months from that is you're saying that there's $30 million to $40 million of EBITS, which is just disappearing out of the business on a like-for-like basis, and there's no impact on the distributor changes. So it kind of – you're telling us that this business can grow, but the statements kind of contradict each other in terms of what the outlook statement says. I'm thinking about it from a '27 perspective as well.

Stuart Boxer

Yes. So just the other thing to reiterate is that we had this year, we talked to the order of USD 10 million of synergies being included in this year ’25 result. So the increment to the $30 million is USD 20 million, so that AUD 30 million number that you’ve talked to. So it’s the $30 million, not the $30 million to $40 million. And – and just to sort of clarify that. And then the rest of it, there’s not a lot more I can add at this point in time. I understand your challenge, but it’s where we sit right now.

Tim Ford

I think we’ve had a chance to answer everyone’s question. I think in summary, thank you for joining us. Clearly, as we close fiscal ’25 and we’ll be able to do our August results call, there is more information that we can provide at that August results. I think the questioning today, particularly as we’re resegmenting the business raises questions of, okay, that are clear. And we’ll do our best to address those as we get through to that full year results. And that sort of turned into a quasi-results call today, but it was always – that’s always the case, and that’s fine.

But hopefully, you’ve got a good view of how this business is going to be driven and going forward where the growth is going to come from. It’s a fairly significant change the way we’ve restructured this business from July 1, but we also have high confidence in the business going forward. So I appreciate you joining us and look forward to talking again in August. Cheers.