



Treasury Wine Estates 2021 AGM Report

ASX Code	TWE
Meeting Time/Date	10am, Tuesday 15 October 2021
Type of Meeting	Hybrid
Monitor	Rod McKenzie
Pre AGM Meeting?	Yes, with Paul Rayner

Another difficult year for TWE

What the Company Does

Treasury Wine Estates is a premium wine grower, wine maker and distributor with operations around the world. The company has expanded over the past 10 years from an offshoot of the Fosters Group to be one of the world's most admired premium wine companies.

Developments in the Financial Year

TWE has suffered significant major issues this past financial year. Three key areas have resulted in strong headwinds for the company. These are:

- Trade restrictions into the Chinese market with high import duties on Australian wine entering their market;
- Bushfires and drought in California which has seriously impacted the US market; and,
- Covid-19 pandemic and the resultant travel and entertainment restrictions in the Australian market along with restrictions in the important US and UK markets.

Management appears to have done an excellent job in developing new markets throughout the financial year.

Summary of Historical ASA Issues with the Company

The very large remuneration paid to the former CEO&MD has been raised with the company on a number of occasions. There was an overly generous salary package coupled with large LTI share rewards. The high total REM could be partly attributed to the issuance of LTI equity prior to the strong rise in share price over the period 2016 to 2019. The 3 year performance period for equity awards has been raised on numerous occasions with the chairman.

Debate and Voting at the AGM

TWE have a policy of having all directors stand for re-election at each AGM. This is said to be in line with the changes and developments in the international market place. In the interests of limiting the actual meeting time, only two of the directors spoke to their re-election – the two US based non-executive directors (NEDs).

Interestingly there was little debate and few questions regarding the directors however, ASA did ask the chairman a question in relation to succession planning and board renewal. Four of the

current directors have 9-10 years service and it is felt that it is time for renewal. The chairman said that Warwick Every-Burns is to retire at the FY22 AGM and that succession plans were in place to cover a 1-3 year period. He also indicated that the next chairman would likely be based in Australia as the company is headquarter in Australia and listed on the ASX.

We also asked a question of the auditor relating to assets held for sale and valuation thereof as well as a question to the chairman relating to any asset sales to 'related parties' and potential for conflicts of interest. The chairman stated that asset disposals were put to the entire board to ensure that sales were made at not less than market value

Numerous other questions raised by shareholders – these were largely focused on REM. Stephen Mayne asked a question about Toni Korsanos and her recent resignation from the Crown board. The chairman replied that she was doing a great job at TWE and that he would not comment on her time with other company.

A shareholder raised a question relating to the Chinese market. The chairman does not see that market as "lost" as it can be accessed by payment of the 176% duty on Australian wines. China is still part of a longer term focus, however other Asian markets were now being developed.

Outlook Statements from the Company

The company gave a 1Q22 update which showed trading conditions were a bit below original expectations with ongoing disruptions to cellar door sales, restaurant trade and travel. These disruptions are largely due to the Covid-19 pandemic.

Meeting Statistics

Number of Holdings Represented by ASA	319
Number of Shares represented by ASA	620,900 (outside Top 20)
Value of Shares represented by ASA	\$7.3m
Number Attending Meeting	Unknown
Market capitalisation	\$3.6 bn
Were proxies voted?	Yes, on a poll