



Company	Treasury Wine Estates
Code	TWE
Meeting	AGM
Date	5 November 2020
Venue	Online
Monitor	Rod McKenzie with Sue Shields

Number attendees at meeting	180 attendees including 45 shareholders
Number of holdings represented by ASA	350
Value of proxies	\$5.5m
Number of shares represented by ASA	670,700 (equivalent to 16th largest holder in Top 20 list)
Market capitalisation	\$5,700m – on day of meeting
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with chairman Paul Rayner

A difficult year with Covid-19 and marketing issues

It was a tough year for TWE and their shareholders. The Covid-19 global pandemic and the various government imposed restrictions on travel, dining and entertainment had a major impact on sales performance through the year. Further, the ongoing investigations into alleged dumping of product into China and the possible introduction of steep duties on wine sales has had a significant impact on the business. TWE remains committed to the Chinese market and is working closely with authorities to resolve outstanding issues.

Oversupply issues in the US market has led to rationalisation of company assets there. TWE has sold several wineries and is now clearly focused on their “premiumisation” strategy. It has long been recognised that the premium wines have a greater profit margin to the business. The net sales revenue (NSR) per case actually rose through the year due to this premiumisation strategy.

Former MD&CEO Michael Clarke had retired at the end of June and former Chief Operating Officer Tim Ford has taken that role. Mr Ford outlined some of the issues with the US operations, including the wildfires in the Napa Valley with the resultant loss of some company assets and the related smoke taint in the grapes. The full impact of this will not be known until grape harvest time.

The proposed Penfolds de-merger has been put on hold for now as the company focuses on US business restructuring, investigations in China and the impact of Covid-19.

TWE have a policy of having all directors stand for election at each AGM. New director Ms Toni Korsanos spoke regarding her election. We had expressed some concern regarding her other NED roles at Crown and Webjet – both positions likely to take a lot of her time. We were assured that Ms Korsanos will have time to fulfil her role at TWE.

Mr Warwick Every-Burns and Mr Garry Hounsell also spoke regarding their re-election.

TWE has a spread of non-executive directors – 2 based in US, 2 in Hong Kong and 3 based in Australia. The 3 based in Australia all have served for 8+ years. ASA asked a question relating to the likelihood of an overseas based chairman upon the retirement of the present chair. Mr Rayner indicated that as an Australian domiciled company listed on the ASX, the odds were there would be an Australian chairman in future.

The virtual meeting was held as voice only, there were no live video presentations available. TWE felt that voice only was better supported by the communications available. The chairman hoped to hold next year's meeting in Adelaide.

ASA voted against the remuneration report and the award of performance shares to the new MD&CEO due to the 3 year performance period. All resolutions passed with over 95% in favour. The meeting was over in just over 1 hour.