



A PIVOTAL YEAR FOR FOLEY WINES

TUESDAY, AUGUST 27 2019 – Foley Wines announces a record operating profit and focus on key strategic initiatives in the Company’s Annual Report to June 2019, published to the New Zealand Stock Exchange today.

HIGHLIGHTS

- Case sales 522,000 (up 11%)
- Export cases 404,000 (up 23.5%)
- Bottled sales revenue \$44,046,000 (up 15.7%)
- Operating earnings \$5,059,000 (up 83.8%)
- Reported profit after tax \$3,518,000 (up 94.9%)
- Long term distribution agreement with Lion NZ Ltd entered into
- Completion of Mt Difficulty purchase
- Step change in Lighthouse distribution in Australia/New Zealand

Foley Wines CEO Mark Turnbull said, “We’ve continued to build on the gains we made in 2018, again delivering growth, and remaining focused on the key strategic initiatives that will set us up for future success.”

The Company acquired Mt Difficulty on January 3 2019 after a lengthy OIO approval process. “Notwithstanding the length of time, the Company remained focused on its key strategic initiatives; growing higher price point sales, cementing the new Lion strategic partnership in New Zealand, seeking out new distribution in markets where the Company’s brands were not represented, nurturing key stakeholder relationships in strategically important markets and continuing to focus on process improvement and delivering cost of goods savings,” said Turnbull.

The Company’s portfolio and centralised business model continued to create opportunities with retailers and importers seeking premium brands and streamlined procurement.

“The ability to supply five winery brands from three acclaimed regions and a craft gin, with one point of contact, has gained the attention of several significant customers in 2019. We are now supplying three brands to a large Asian retailer directly, with an additional brand set to join the range,” said Turnbull. The Company’s brands continue to gain the attention of international airlines with Cathay Pacific recently selecting Mt Difficulty for its First Class service, and Te Kairanga Runholder for its Business Class service.

In New Zealand, the Company continues to build a premium distribution platform alongside Lion NZ, who took over the distribution of many of the Company’s brands during the year.

“In 2019 we embarked on the repositioning of brand price points which were not delivering value. We were fully mindful that the price increase and change in distribution would result in a decrease in case sales. Its pleasing to see that decrease is in line with our expectations and the change resulted in an increased net case realisation. At the same time our bulk wine sales have reduced as demand for our branded products increases,” said Turnbull.

Lighthouse Gin sales grew significantly on the back of major distribution wins in New Zealand and Australia. “Lighthouse continues to be a shining light in the craft gin category. We are very optimistic about building on this momentum in the year ahead,” said Turnbull.

The Company continues to focus on a strategy of premiumisation with a significant increase in consumer marketing investment in 2019 to grow awareness and rate of sale in tandem with increased availability.

“Consumers around the world continue to drink less but spend more. The next 12 months will see further activity to build powerful brands underpinned by excellent wine quality,” said Turnbull.

Bill Foley, Chairman, said “I’m delighted with the progress that has been made over the last 12 months. To me one of the key highlights has been the focus by the team on premiumisation of the portfolio. What is also very pleasing is the continued focus on building markets; not being reliant on one or two markets is important in managing the risk of any business.”

– END –

Authorised for public release.

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Notes to Editors:

Foley Wines is a collection of iconic wineries and brands from New Zealand’s most acclaimed wine regions.

Each with a unique story of New Zealand to tell, our wineries are linked by a common unrelenting purpose; to make great wine that people love to drink around the world– made by land & hand.

Our ambition is to be New Zealand’s most revered wine group through the ownership of iconic wineries in New Zealand’s most acclaimed regions, inspiring the most discerning retailers and restaurants around the world.

Established in 1988 as Grove Mill Wine Company Ltd, the company merged with Foley Family Wines NZ Limited in September 2012. The Company listed on the NZAX Board of the NZ Stock Exchange when this was first established in November 2003 and migrated to the NZX Main Board and changed its name to Foley Wines Limited (ticker code FWL) on 3 December 2018.

Foley Wines’ major shareholder is Bill Foley who is a major investor in the US wine industry. His company Foley Family Inc. is a Top 20 wine company in the US, owning 17 wineries with over 150 dedicated sales personnel in the US market.

Foley Wines wholly owns Martinborough Vineyard and Te Kairanga and the Lighthouse Gin brand in Martinborough, Grove Mill and Vavasour in Marlborough, and Mt Difficulty in Central Otago.