



PREMIUMISATION STRATEGY CONTINUES TO CREATE OPPORTUNITIES

THURSDAY, AUGUST 26 2021 – Foley Wines announces another record operating profit and significant progress against a background of global uncertainty in the Company’s Annual Report to June 2021, published to the New Zealand Stock Exchange today.

HIGHLIGHTS

Case sales 565,000 (up 6%)

Domestic cases 170,299 (up 8.6%)

Bottled sales revenue \$53,255,000 (up 6.6%)

Operating earnings \$8,036,000 (up 3.7%)

Dividend of 4 cents per share fully imputed declared (up 33%)

Foley Wines CEO Mark Turnbull said, “2021 has been a year of significant progress against a background of uncertainty due to Covid-19. Despite experiencing considerable disruption to key hospitality markets globally, unfavorable exchange rates and major logistical issues with global shipping and supply chains, the business has remained focused on its strategy of premiumisation, which continues to create opportunities.”

The Company reports record operating earnings of \$8,036,000 up 3.7% from \$7,750,000 for the previous financial year, and a lift in dividend to 4 cents per share fully imputed, up from 3 cents per share in the previous financial year. “The Directors are pleased to advise a lift in dividend after considering underlying operational performance and cashflows, and the work done on securing new distribution channels,” said Turnbull.

Like the rest of the industry, the Company experienced a significantly smaller harvest due to the adverse weather conditions covered extensively in the media. However, with its focus on its premiumisation strategy, the Company does not believe this vintage will have a material effect on the year ahead. “With our focus on our higher price point wines and the high quality distribution secured over the past year, we are forecasting that our operating earnings will be largely in line with this year,” said Turnbull.

Sustainability remains a key focus for the business. “Environmental issues continue to be propelled even further into the forefront of consumers’ minds. The practical, tangible sustainability practices that underpin our operations carry through from vineyards to packaging with further steps toward safeguarding our environment for future generations made during the 2021 year. We continue to bottle our wines in recycled New Zealand glass, and this year we have moved our Dashwood and Grove Mill brands into highly renewable bagasse labels manufactured from sugarcane waste fibres,” said Turnbull.

The Company’s new development in Martinborough is well underway with a 650sqm subterranean barrel facility completed for the 2021 vintage, and work is now underway on the upper level – a 1,100sqm purpose-built gin distillery, warehouse, tasting room, 100 person restaurant and a private dining room. “Our direct to consumer business is a key part of our business and, with our knowledge of Mt Difficulty, we expect the cellar door and restaurant to be an important contributor both in terms of its profit contribution and also the affect a strong ‘spiritual home’ will have on brand awareness locally and globally,” said Turnbull.

This new home to our Martinborough brands will also integrate with the Foley Wine Club, the online cellar door that brings all the Company's brands into consumers' homes. This is a powerful direct platform further enhanced by strong growth in membership of the Foley Rewards loyalty programme launched last year.

Lighthouse Gin continues to be a small but important part of the business with sales up 31% on the prior year. "Lighthouse continues to attract new customers globally and forms a key part of our portfolio with many global importers and retailers. With the completion of our new distillery in the next 12 months, along with the arrival of our new 700 litre still from Germany, we have the ability to scale Lighthouse considerably," said Turnbull.

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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 satisfying the most discerning retailers and restaurants around the world with brands that are authentic, sustainable and of exceptional quality.

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 Wines Inc. is a Top 20 wine company in the US.

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