



Strong global partnerships help navigate headwinds

FRIDAY 23 FEBRUARY 2024 – Foley Wines announces half year result

CASE SALES	245,000 (down 21%)
BOTTLED SALES REVENUE	\$28,710,000 (down 13.5%)
OPERATING EARNINGS	\$1,261,000 (down 77.5%)
REPORTED PROFIT AFTER TAX	\$1,673,000 (down 60.2%)
OPERATING EBITDA	\$7,097,000 (down 30.0%)
OPERATING CASH FLOW	\$2,955,000 (down 57.7%)

Foley Wines CEO Mark Turnbull said, “Without doubt, it has been a tough six months for the Company. However, we need to put our performance into the context of broader industry performance.”

New Zealand Winegrowers export statistics for the six months ended 31 December 2023 show bottled wine exports were down between 21% and 48% in all major markets. In New Zealand, total still wine sales were down 2.2%, where the Company’s brands grew at 9%.

The Company points to several factors including improvements in global supply chains which have meant customers have been able to reduce stock levels in their warehouses, resulting in fewer purchases than in the previous 12 months. At the same time, many customers are reducing their working capital as the global economy struggles, and consumers have less money to spend on discretionary purchases – both from retailers and dining out.

“Some major customers were caught with significant over stocking of other wine brands, which resulted in a very long period of discounting affecting our brands’ promotional calendars,” said Turnbull.

“We are also seeing significant volumes of bulk Sauvignon Blanc coming on to the market at very low prices. This has resulted in some of our competitors dropping prices, a practice that we were not prepared to adopt.”

“Notwithstanding these headwinds, we believe we have the routes to market that will enable us to sell our brands profitability. We continue to secure strong new routes to market for our premium portfolio,” said Turnbull.

The Company’s new hospitality venue in Martinborough, The Runholder, opened in August 2023 and is home to its Te Kairanga, Martinborough Vineyard and Lighthouse Gin brands. With a restaurant, tasting room, private dining and distillery, it is quickly establishing itself as an iconic destination in the region. In addition, the Company has recently acquired the long running wine and food festival, Toast Martinborough, and is committed to ensuring this iconic festival remains relevant for years to come.

The Company expects a lower yield from the upcoming 2024 harvest. “The industry is predicting that the Marlborough region is in for a smaller vintage of exceptionally high quality on the basis that there

are no major weather events. Having a high quality vintage is paramount when you are focussed on producing world class wines.”

“We have established some strong global partnerships that will certainly help navigate our way through the head winds in the global economy. These relationships mean we do not need to dump wine onto the market unprofitably. We are very focused on having a much improved second six months,” said Turnbull.

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Authorised for public release.

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