



## **BUILDING STRONG ROUTES TO MARKET PAYS OFF FOR FOLEY WINES IN TOUGH YEAR FOR INDUSTRY**

**THURSDAY, AUGUST 29 2024** – Foley Wines reports a better second half in the Company’s Annual Report to June 2024, published to the New Zealand Stock Exchange today.

### **OVERVIEW**

Bottled Sales Revenue	\$62,491,000 (+ 0.3%)
Case Sales	561,000 (- 4%)
USA Case Shipments	133,000 (+ 60%)
Operating Earnings	\$4,129,000 (- 60%)
(Loss) After Tax	\$(4,081,000) (- 164%)
Profit after tax excluding one-off tax adjustment	\$467,000 (- 93%)
Operating EBITDA	\$16,176,000 (- 20%)

Foley Wines CEO Mark Turnbull said, “2024 was a tough year for the Company. Notwithstanding the headwinds faced, we were pleased that case sales were down only 4% on last year, which was a solid turnaround from the first six months.”

“Export case sales were down 5.8% which, when compared to the industry being down 21% for packaged wine, demonstrated the Company’s hard work on developing strong routes to market for our brands.”

“It became very evident that there was a significant over supply of Marlborough Sauvignon Blanc resulting in deep discounting. The strategy we adopted was to remain focused on selling packaged wine through the channels established and assisting the retailers with additional promotional funding to keep the brands in the forefront of consumers’ minds,” said Turnbull.

The Company reports a 60% increase in shipments to the USA during the year, despite total industry exports to the market being down 22%. “The Company invested heavily in the USA with various initiatives. This investment was a major factor in the increase in selling, marketing and promotion expenses of approximately \$3m. However, this has meant the Company is already shipping the 2024 vintage to many markets and inventory is generally in balance,” said Turnbull.

The Company completed its first year of trading at its Martinborough hospitality venue, The Runholder. The 100 person restaurant, tasting room, cellar door, viewing terrace, private dining room and distillery serves as a brand home for its three Martinborough brands and in its first year has been recognised with Gold Qualmark accreditation and inclusion in the Cuisine Magazine Good Food Guide, the Company reports.

Further bolstering the premium experiences it is able to offer in Martinborough, the Company acquired the long-running wine and food festival Toast Martinborough during the year. The refreshed festival will be ‘a toast to Martinborough’, reflecting the boutique wine region’s premium, small scale wine production and elevated wine experiences, said the Company.

“The Runholder and Mt Difficulty hospitality venues offer truly unique and memorable destinations for visitors to experience the Company’s brands,” said Turnbull. “In synergy with Toast Martinborough and our online cellar door, the Foley Wine Club, these venues create a powerful platform for our brands to engage with premium wine consumers.”

Continuing with its focus on premium brands and consumers, the Company launched the sixth release of Martinborough Vineyard’s Marie Zelig Reserve Pinot Noir during the year. “The 2019 release of this iconic wine has already been awarded 98 Points from US wine critic James Suckling. It continues to reinforce the tradition of handcrafted excellence at Martinborough Vineyard, and set the standard for luxury New Zealand Pinot Noir,” said Turnbull.

The Company reports a harvest of 6,404 tonnes which is a decrease of 21% on the prior year's harvest. "The winemakers are delighted with the quality of the vintage and are looking forward to producing world class wines from this vintage," said Turnbull. At the time of writing, the Company's wines had already won three Gold medals from the 2024 vintage. "This smaller vintage does have a major influence on the year ahead in terms of an increase in cost of goods," said Turnbull.

Practical, tangible sustainability practices continue to underpin the Company's brands and operations. In addition to its use of recycled glass manufactured locally in New Zealand, the Company this year took the step to start transitioning a significant number of bottlings to a new 'super lightweight' bottle. "Over the next 12 months this will further reduce our total use of glass and our carbon footprint associated with transport and shipping through reduced weight of the packaged product," said Turnbull.

The Company reports that no final dividend will be paid for the year ended 30 June 2024. "The Directors believe given the tough economic conditions, the focus needs to be on reducing debt over the next 12 months. Trading conditions both domestically and globally remain subdued. It is very apparent that there is still an oversupply from the 2023 vintage in New Zealand, coupled with a higher cost of goods and high interest rates which compounds the situation."

"The Company has worked hard to build strong channels for its brands which has been evident with the sales over the past 12 months. The Company is in a good position to sell through the 2024 vintage in a timely manner and hopefully with a normal vintage in 2025 will be in a much improved position for the 2026 financial year," said Turnbull.

**-ENDS-**

**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. With a portfolio of exceptional quality wines and our deep belief in building enduring partnerships, we are able to satisfy the most discerning retailers and restaurants at home and 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.

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