



Strong export markets pay off

THURSDAY 27 FEBRUARY 2025 – Foley Wines announces half year result

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| CASE SALES | 296,000 (up 21%) |
| BOTTLED SALES REVENUE | \$32,320,000 (up 12.6%) |
| OPERATING EARNINGS | \$2,034,000 (up 61.3%) |
| REPORTED PROFIT AFTER TAX | \$1,085,000 (down 35.1%) |
| OPERATING EBITDA | \$7,908,000 (up 11.4%) |
| OPERATING CASH FLOW | \$10,995,000 (up 272%) |

Foley Wines has announced growth in case sales, sales revenue and operating earnings in the Company's half yearly reported, published today.

Chairman Paul Brock said, "While the broader industry may have struggled with export sales over the last six months, the work the business has done on establishing strong export markets has paid off."

The Company reported growth in case sales across all exports markets. "A key strategy has always been around not being over reliant on any one market and that is represented in our numbers", said Brock. "Critically, we have established routes to market for what we produce and are not at the mercy of the bulk wine market. Bulk wine has never been a sales strategy for us and it contradicts our premiumisation strategy."

Profit for the period net of tax attributable for the shareholders was \$1,085,000, down 35.1%, impacted by higher cost of goods from the smaller 2024 vintage and investment in sales support to key customer to overcome the discounting of New Zealand wines.

"This strategy was critical as it enabled us to increase sales against the trend, and also move through the higher cost inventory. This will lead us to shipping the 2025 vintage (from Marlborough) on a timely basis," said Brock.

The Company reports strong summer periods to date at its winery hospitality venues, Mt Difficulty, which achieved Gold Qualmark accreditation, and The Runholder, which has now welcomed over local and international 50,000 visitors.

The Company acquired Toast Martinborough in February 2024, with the 31st festival taking place on the new date of January 21, 2025. The Company reported good attendance and warm, fine weather across the festival weekend, although a sustained period of wet and cold weather in the lead up, coupled with a challenging economic environment in Wellington, meant that there remains capacity to grow ticket sales. "There is a continuing need to find the right balance between compliance and festivalgoer experience," said Brock.

The Company expects a higher yield from the 2025 harvest in the Marlborough and Martinborough regions and slightly lower yield in Central Otago, which is still above the long-term average, with the market price for Sauvignon Blanc grapes expect to be approximately 15% lower than the 2024 vintage.

“The profitability of the business was always going to be materially affected by the increase in cost of goods associated with the smaller 2024 vintage, an oversupply of Marlborough Sauvignon Blanc and downward pressure on selling prices. We have worked hard to establish strong routes to market for our branded products. The Company’s inventory is in good shape and will roll on to the 2025 vintage on a timely basis, which should have a lower cost of goods. This will lead to higher gross margins and, hopefully with the downward pressure on interest rates, to a much better financial position for the 2026 year,” said Brock.

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Authorised for public release.

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