

**ANDREW PELLER LIMITED REPORTS STRONG GROWTH & OPERATING PERFORMANCE IN FISCAL 2015  
AND 7.1% INCREASE IN COMMON SHARE DIVIDENDS**

*This news release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained elsewhere in this news release.*

**GRIMSBY, Ontario** – June 3, 2015 – Andrew Peller Limited ADW.A/ADW.B (“APL” or the “Company”) announced strong operating and financial performance for the three months and year ended March 31, 2015.

**FISCAL 2015 HIGHLIGHTS:**

- Sales up 6.0% on solid organic growth and successful launch of new products
- Entry into new wine-related categories accelerates growth
- Gross margins strengthen on revenue increase, production efficiencies, and cost savings
- EBITA up 5.3% on revenue growth and improved profitability
- Adjusted earnings rise 11.0%
- Net earnings per Class A common share increase 11.9%
- Common share dividends increased 7.1%
- Peller Estates awarded prestigious honour as “Canadian Winery of the Year”

“Fiscal 2015 was another record year for the Company as we generated strong organic growth across the majority of our well-established trade channels, while new product launches and our entry into new wine-related spritzer and cocktail categories made a solid contribution,” commented John Peller, President & Chief Executive Officer, Andrew Peller Limited. “We are also very pleased to see solid growth in our profit margins and net earnings and look for continued growth going forward.”

“The Board of Directors is also very pleased to announce a 7.1% increase in common share dividends, our seventh increase in the last nine years, and a testament to our confidence in the future and our commitment to enhancing shareholder value,” Mr. Peller stated.

Sales for the year ended March 31, 2015 rose 6.0% to \$315.7 million from \$297.8 million in fiscal 2014. The increase was due to strong organic growth across the majority of the Company’s trade channels, the introduction of new products, including the launch of *Black Cellar* wines, and the Company’s entry into new wine-related categories, including *skinnygrape* spritzers and *Panama Jack* wine-based cocktails. Sales growth was particularly strong through the Company’s network of retail outlets in Ontario, in its export markets, its two wine import and marketing agencies, and provincial liquor control boards across the country. Sales for the three months ended March 31, 2015 rose 4.2% to \$68.8 million from \$66.0 million in the same quarter last year.

Gross margin as a percentage of sales continued to strengthen through fiscal 2015 to 36.5% for the year ended March 31, 2015 compared to 36.3% in fiscal 2014. The increase resulted from the Company’s productivity improvement initiatives and raw material cost savings partially offset by continued price competition in key markets and the impact of the weaker Canadian dollar. For the three months ended March 31, 2015 gross margin improved to 35.8% from 34.2% in the fourth quarter of the prior year.

Selling and administrative expenses in fiscal 2015 increased due to higher advertising and promotional activities related to new product launches and other sales and marketing initiatives. Despite the increase, selling and administrative expenses as a percentage of sales for the year ended March 31, 2015 were 25.2%, consistent with 24.9% in fiscal 2014.

Earnings before interest, amortization, unrealized derivative losses (gains), other expenses (income), and income taxes (“EBITA”) rose 5.3% to \$35.5 million for the year ended March 31, 2015 from \$33.7 million in the prior year. For the three months ended March 31, 2015 EBITA increased 28.8% to \$4.7 million from \$3.7 million in the fourth quarter of fiscal 2014.

The Company recorded a loss in fiscal 2015 of \$0.6 million compared to a gain of \$0.8 million in the prior year related to mark-to-market adjustments on an interest rate swap and foreign exchange contracts. For the three months ended March 31, 2015 the Company recorded a loss of \$0.6 million compared to a gain of \$0.2 million in the fourth quarter of the prior year. The Company has elected not to apply hedge accounting and accordingly these financial

instruments are reflected in the Company's financial statements at fair value each reporting period. These instruments are considered to be effective economic hedges and have enabled management to mitigate the volatility of changing costs and interest rates during the year.

Other expenses in fiscal 2015 related to a write-down of certain grapevines harmed by the extreme cold weather in the period partially offset by income from the temporary expropriation of the Company's Port Moody property. In fiscal 2014 other expenses related primarily to non-recurring post-retirement benefit costs collectively bargained with the BC union partially offset by income from the temporary expropriation of the Port Moody property. The property is temporarily being used as a staging area for the construction of a rapid transit project. Payments amounting to \$2.0 million for the use of the property were received in advance, were recorded as deferred income, and are being recognized as other income over the five-year term of the expropriation which began on July 1, 2012.

Adjusted net earnings, defined as net earnings not including restructuring charges, unrealized losses and gains on derivative financial instruments, and other expenses or income, increased 11.0% to \$16.2 million in fiscal 2015 from \$14.6 million in the prior year. For the three months ended March 31, 2015 adjusted earnings were \$1.1 million compared to \$0.0 million in the fourth quarter of fiscal 2014.

Net earnings for the year ended March 31, 2015 were \$15.8 million or \$1.13 per Class A Share, up 11.9% from \$14.0 million or \$1.01 per Class A Share in fiscal 2014. For the three months ended March 31, 2015 net earnings were \$0.7 million or \$0.05 per Class A share compared to a net loss of \$0.6 million or a loss of \$0.04 per class A share in the fourth quarter of the prior year.

### **Strong Financial Position**

Working capital at March 31, 2015 increased to \$69.0 million compared to \$44.6 million at March 31, 2014. Overall bank debt declined to \$89.0 million as at March 31, 2015 compared to \$100.1 million as at March 31, 2014 due to improved earnings performance and lower capital expenditures compared to the prior year. As a result, the Company's debt to equity ratio decreased to 0.60:1 at March 31, 2015 compared to 0.73:1 at March 31, 2014. Shareholders' equity as at March 31, 2015 was \$147.4 million or \$10.31 per common share compared to \$138.0 million or \$9.65 per common share as at March 31, 2014. The increase in shareholders' equity is due to net earnings for the year partially offset by the payment of dividends.

The Company generated cash from operating activities in fiscal 2015, after changes in non-cash working capital items, of \$25.8 million compared to \$25.0 million in the prior year. Strong earnings and lower inventory levels led to an increase which was partially offset by an increase in accounts receivable due to the strong sales performance and lower accounts payable.

On April 28, 2014 the Company renegotiated its credit facilities to support its strategic direction and to capitalize on lower debt service costs. These facilities now mature on April 28, 2019. The operating loan facility was increased to \$90.0 million and the term loan was increased to \$60.0 million. The interest rate on the term loan was effectively fixed at 4.93% through August 31, 2015 and at 3.91% for the period from September 1, 2015 to April 28, 2019. The Company also added a \$15.0 million facility to fund future capital expenditures that will also mature on April 28, 2019. Monthly amortization payments on the term loan were reduced to \$0.333 million.

### **Increase in Common Share Dividends**

On June 3, 2015 the Company's Board of Directors announced a 7.1% increase in common share dividends for shareholders of record on June 30, 2015 payable on July 10, 2015. The annual dividend on Class A Shares was increased to \$0.450 per share from \$0.420 per share, and the annual dividend on Class B Shares was increased to \$0.391 per share from \$0.365 per share.

### **Canadian Winery of the Year**

Peller Estates was awarded the prestigious honour of "Canadian Winery of the Year" at the 2014 WineAlign National Wine Awards held in Penticton, B.C. in June, 2014. This year marked the 14<sup>th</sup> national competition judged by an extensive panel of the most respected wine writers, wine critics, retail buyers, Master Sommeliers and Masters of Wines in Canada. With 1,335 wines being reviewed from 189 wineries across Canada, the "Canadian Winery of the Year" is the highest distinction awarded in the Canadian wine industry.

**Investor Conference Call**

An investor conference call hosted by John Peller, President and CEO and Brian Athaide, CFO, will be held Thursday, June 4, 2015 at 10:00 a.m. EST. The telephone numbers for the conference call are: Local/International: (416) 340-2216, North American Toll Free: (866) 226-1792. The telephone numbers to listen to the call after it is completed (Instant Replay) are local/international (905) 694-9451 or North American toll free (800) 408-3053. The Passcode for the Instant Replay is 3950515#. The Instant Replay will be available until midnight, June 11, 2015. The call will also be archived on the Company's website at [www.andrewpeller.com](http://www.andrewpeller.com).

## Financial Highlights (Unaudited)

(Condensed consolidated financial statements to follow)

For the three months and year ended March 31, (in \$000 )	Three Months		Year	
	2015 <sup>1</sup>	2014	2015	2014
Sales	\$68,791	66,026	315,697	297,824
Gross margin	24,648	22,606	115,203	107,982
Gross margin (% of sales)	35.8%	34.2%	36.5%	36.3%
Selling and administrative expenses	19,941	18,951	79,685	74,253
EBITA	4,707	3,655	35,518	33,729
Restructuring charge	-	1,056	-	1,409
Unrealized losses (gains) on financial instruments	622	(231)	572	(750)
Other expenses (income)	(139)	(97)	51	145
Adjusted net earnings	542	(39)	16,222	14,616
Net earnings	718	(578)	15,761	14,021
Earnings per share – Class A	\$0.05	\$(0.04)	\$1.13	\$1.01
Earnings per share – Class B	\$0.05	\$(0.03)	\$0.99	\$0.88
Dividend per share – Class A (annual)			\$0.420	\$0.400
Dividend per share – Class B (annual)			\$0.365	\$0.348
Cash provided by operations (after changes in non-cash working capital items)			25,836	25,018
Working capital			68,981	44,564
Shareholders' equity per share			\$10.31	\$9.65

1. Certain expenses in the statement of earnings in the second and third quarter were reclassified from other expenses to selling and administration to conform with the annual presentation.

The Company calculates adjusted net earnings as follows:

For the three months and year ended March 31, (in \$000) Unaudited	Three Months		Year	
	2015 <sup>1</sup>	2014	2015	2014
Net earnings	\$ 718	\$ (578)	\$ 15,761	\$ 14,021
Restructuring costs	-	1,056	-	1,409
Net unrealized losses (gains) on derivatives	622	(231)	572	(750)
Other (income) expenses	(139)	(97)	51	145
Income tax effect of the above	(126)	(189)	(162)	(209)
Adjusted earnings	\$ 1,075	\$ (39)	\$ 16,222	\$ 14,616

1. Certain expenses in the statement of earnings in the second and third quarter were reclassified from other expenses to selling and administration to conform with the annual presentation.

### About Andrew Peller Limited

Andrew Peller Limited is a leading producer and marketer of quality wines in Canada. With wineries in British Columbia, Ontario, and Nova Scotia, the Company markets wines produced from grapes grown in Ontario's Niagara Peninsula, British Columbia's Okanagan and Similkameen Valleys, and from vineyards around the world. The Company's award-winning premium and ultra-premium VQA brands include *Peller Estates*, *Trius*, *Hillebrand*, *Thirty Bench*, *Crush*, *Wayne Gretzky*, *Sandhill*, *Calona Vineyards Artist Series*, and *Red Rooster*. Complementing these premium brands are a number of popularly priced varietal brands including *Peller Estates French Cross* in the East, *Peller Estates Proprietors Reserve* in the West, *Copper Moon*, *XOXO*, *skinnygrape*, *Black Cellar* and *Verano*. *Hochtaler*, *Domaine D'Or*, *Schloss Laderheim*, *Royal*, and *Sommet* are our key value priced brands. The Company produces wine based liqueurs and cocktails under the brand *Panama Jack* and wine based spritzers under the *skinnygrape* brand. The

Company imports wines from major wine regions around the world to blend with domestic wine to craft these popularly priced and value priced brands. With a focus on serving the needs of all wine consumers, the Company produces and markets premium personal winemaking products through its wholly-owned subsidiary, Global Vintners Inc., the recognized leader in personal winemaking products. Global Vintners distributes products through over 170 Winexpert authorized retailers and more than 600 independent retailers across Canada, the United States, the United Kingdom, New Zealand, Australia, and China. Global Vintners award-winning premium and ultra-premium winemaking brands include *Selection, Vintners Reserve, Island Mist, KenRidge, Cheeky Monkey, Ultimate Estate Reserve, Traditional Vintage, and Cellar Craft*. The Company owns and operates over 100 well-positioned independent retail locations in Ontario under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names. The Company also owns Andrew Peller Import Agency and The Small Winemaker's Collection Inc.; both of these wine agencies are importers of premium wines from around the world and are marketing agents for these fine wines. The Company's products are sold predominantly in Canada with a focus on export sales for its icewine and personal winemaking products. More information about the Company can be found at [www.andrewpeller.com](http://www.andrewpeller.com).

The Company utilizes EBITA (defined as earnings before interest, amortization, unrealized derivative losses (gains), other expenses (income), and income taxes). EBITA is not a recognized measure under IFRS. Management believes that EBITA is a useful supplemental measure to net earnings, as it provides readers with an indication of cash available for investment prior to debt service, capital expenditures, and income taxes. Readers are cautioned that EBITA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance or to cash flows from operating, investing, and financing activities as a measure of liquidity and cash flows. The Company also utilizes gross margin (defined as sales less cost of goods sold, excluding amortization) and adjusted earnings as defined above. The Company's method of calculating EBITA, gross margin, and adjusted earnings may differ from the methods used by other companies and, accordingly, may not be comparable to measures used by other companies.

Andrew Peller Limited common shares trade on the Toronto Stock Exchange (symbols ADW.A and ADW.B).

## **FORWARD-LOOKING INFORMATION**

*Certain statements in this news release may contain "forward-looking statements" within the meaning of applicable securities laws, including the "safe harbour provision" of the Securities Act (Ontario) with respect to Andrew Peller Limited and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's recent acquisitions; its launch of new premium wines; sales trends in foreign markets; its supply of domestically grown grapes; and current economic conditions. These statements are subject to certain risks, assumptions, and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this news release, the Company has made assumptions and applied certain factors regarding, among other things: future grape, glass bottle, and wine prices; its ability to obtain grapes, imported wine, glass, and its ability to obtain other raw materials; fluctuations in the U.S./Canadian dollar exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian wine market; market trends; reliance on key personnel; protection of its intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising, and labeling its products; the regulation of liquor distribution and retailing in Ontario; and the impact of increasing competition.*

*These forward-looking statements are also subject to the risks and uncertainties discussed in this news release, in the "Risk Factors" section and elsewhere in the Company's MD&A and other risks detailed from time to time in the publicly filed disclosure documents of Andrew Peller Limited which are available at [www.sedar.com](http://www.sedar.com). Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from those conclusions, forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this news release, and except as required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances or otherwise.*

For more information, please contact:

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**Andrew Peller Limited**  
**Consolidated Balance Sheets**  
**As at March 31, 2015 and March 31, 2014**

(in thousands of Canadian dollars)

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
<b>Current assets</b>		
Accounts receivable	\$ 25,616	\$ 22,693
Inventories	117,812	120,751
Current portion of biological assets	1,129	1,062
Prepaid expenses and other assets	2,207	1,381
Income taxes recoverable	-	240
	<hr/>	<hr/>
	146,764	146,127
<b>Property, plant and equipment</b>	90,955	90,152
<b>Biological assets</b>	13,982	14,054
<b>Intangible assets</b>	12,331	13,209
<b>Goodwill</b>	<hr/>	<hr/>
	37,473	37,473
	<hr/>	<hr/>
	\$ 301,505	\$ 301,015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 32,522	\$ 54,407
Accounts payable and accrued liabilities	36,712	37,371
Dividends payable	1,460	1,391
Income taxes payable	1,902	-
Current portion of derivative financial instruments	992	1,002
Current portion of long-term debt	4,194	7,392
	<hr/>	<hr/>
	77,782	101,563
<b>Long-term debt</b>	52,269	38,328
<b>Long-term derivative financial instruments</b>	1,447	268
<b>Post-employment benefit obligations</b>	6,165	6,132
<b>Deferred income</b>	506	910
<b>Deferred income taxes</b>	<hr/>	<hr/>
	15,971	15,811
	<hr/>	<hr/>
	154,140	163,012
<b>Shareholders' Equity</b>		
<b>Capital stock</b>	7,026	7,026
<b>Retained earnings</b>	<hr/>	<hr/>
	140,339	130,977
	<hr/>	<hr/>
	147,365	138,003
	<hr/>	<hr/>
	\$ 301,505	\$ 301,015

The above statements should be read in conjunction with the entire consolidated financial statements and notes.

They will be available on the Investor Relations section of [www.andrewpeller.com](http://www.andrewpeller.com) or at [www.sedar.com](http://www.sedar.com).

**Andrew Peller Limited**  
**Consolidated Statements of Earnings**  
**For the years ended March 31, 2015 and March 31, 2014**

(in thousands of Canadian dollars, except per share amounts)

	<b>2015</b>	<b>2014</b>
<b>Sales</b>	\$ 315,697	\$ 297,824
Cost of goods sold, excluding amortization	200,494	189,842
Amortization of plant and equipment used in production	5,116	4,979
<b>Gross profit</b>	<b>110,087</b>	<b>103,003</b>
Selling and administration	79,685	74,253
Amortization of equipment and intangible assets used in selling and administration	3,435	3,316
Interest	4,847	5,386
Restructuring costs	-	1,409
<b>Operating earnings</b>	<b>22,120</b>	<b>18,639</b>
Net unrealized loss (gain) on derivative financial instruments	572	(750)
Other expenses	51	145
<b>Earnings before income taxes</b>	<b>21,497</b>	<b>19,244</b>
<b>Provision for income taxes</b>		
Current	5,379	3,239
Deferred	357	1,984
	<b>5,736</b>	<b>5,223</b>
<b>Net earnings for the year</b>	<b>\$ 15,761</b>	<b>\$ 14,021</b>
<b>Net earnings per share</b>		
Basic and diluted		
Class A shares	\$ 1.13	\$ 1.01
Class B shares	\$ 0.99	\$ 0.88

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**Andrew Peller Limited**  
***Consolidated Statements of Comprehensive Income***  
**For the years ended March 31, 2015 and March 31, 2014**

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(in thousands of Canadian dollars)

	<b>2015</b>	<b>2014</b>
<b>Net earnings for the year</b>	\$ 15,761	\$ 14,021
Items that are never reclassified to net earnings		
Net actuarial losses on post-employment benefit plans	(757)	(210)
Deferred income taxes	197	54
Other comprehensive loss for the year	(560)	(156)
<b>Net comprehensive income for the year</b>	<b>\$ 15,201</b>	<b>\$ 13,865</b>

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**Andrew Peller Limited**  
**Consolidated Statements of Cash Flows**  
**For the years ended March 31, 2015 and March 31, 2014**

(in thousands of Canadian dollars)

	<b>2015</b>	<b>2014</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net earnings for the year	\$ 15,761	\$ 14,021
Adjustments for		
Loss on disposal of property and equipment and intangible assets	95	154
Amortization of plant, equipment and intangible assets	8,551	8,295
Interest expense	4,847	5,386
Provision for income taxes	5,736	5,223
Revaluation of biological assets - net of insurance recovery	352	67
Net unrealized loss (gain) on derivative financial instruments	572	(750)
Post-employment benefits	(724)	(489)
Deferred income	(404)	(404)
Interest paid	(4,476)	(4,904)
Income taxes paid	(3,237)	(3,211)
	<u>27,073</u>	<u>23,388</u>
Change in non-cash working capital items related to operations	(1,236)	1,630
	<u>25,837</u>	<u>25,018</u>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	10	18
Purchase of property, equipment and vine biological assets	(8,466)	(9,388)
Purchase of intangible assets	(369)	(1,797)
	<u>(8,825)</u>	<u>(11,167)</u>
<b>Financing activities</b>		
Decrease in bank indebtedness	(21,885)	(5,692)
Issuance of long-term debt	15,020	4,086
Repayment of long-term debt	(3,760)	(6,821)
Deferred financing costs	(617)	-
Dividends paid	(5,770)	(5,424)
	<u>(17,012)</u>	<u>(13,851)</u>
<b>Cash - Beginning and end of year</b>	<u>\$ -</u>	<u>\$ -</u>

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