***ANDREW PELLER LIMITED REPORTS STRONG OPERATING PERFORMANCE IN FIRST QUARTER OF FISCAL 2020***

**GRIMSBY, Ontario** – August 7, 2019 – Andrew Peller Limited ADW.A/ADW.B ("APL" or the "Company") announced strong operating performance for the three months ended June 30, 2019.

**FIRST QUARTER FISCAL 2020 HIGHLIGHTS:**

- Sales consistent with prior year; focus on product rationalization and higher margin products continues;
- Selling and administrative expenses decrease due to cost reductions and changes to the treatment of lease expense due to new accounting standards adopted April 1, 2019;
- EBITA rises to $18.4 million from $15.8 million last year, adjusted EBITA rises to $18.9 million from $17.9 million last year;
- Net earnings rise 16.5% to $8.8 million or $0.20 per Class A share, adjusted earnings rises to $9.8 million from $9.7 million in prior year;
- Significant investments in sales and marketing in fiscal 2019 are expected to drive future sales growth;
- Common share dividends increased 4.8% in June 2019, seventh consecutive year of dividend increases;
- City of Port Moody, B.C., has approved certain bylaw amendments and an official community plan in respect of the development of a property owned by the Company.

"We are pleased with our strong operating performance and improved profitability in the first quarter of fiscal 2020," commented John Peller, Chief Executive Officer. "We were also pleased to increase common share dividends by 4.8% in June, a reflection of our confidence in the future and our commitment to enhancing shareholder value over the long term."

"Fiscal 2019 was a year of significant investment in new brands and products, consumer research, and new marketing and media campaigns. We expect to see the benefits of these initiatives in fiscal 2020 with stronger gross margins and increased earnings," added Randy Powell, President. "We are confident these investments will generate improved profitability and sales growth over the long term."

**Continuing Strong Operating and Financial Performance**

Sales for the three months ended June 30, 2019 were $95.2 million, consistent with the prior year. The introduction of new products and brands and solid performance across the majority of the Company's well established trade channels were offset by significant LCBO distribution issues, increased competition from new subsidized low-priced imported wines and market softness primarily in Western Canada.

Gross margin as a percentage of sales continues to remain strong at 44.6% for the three month ended June 30, 2019 compared to 43.2% in the first quarter of the prior year. Gross margin is benefitting from the rationalization of lower performing products, an increased focus on higher margin products, and the positive impact of the Company's cost control initiatives, partially offset by the softer markets in Western Canada and increased competition from new subsidized low-priced imported wines. On the acquisition of the three wineries in October 2017, the Company recorded an increase of $10.4 million to inventory to represent the fair value of goods acquired from the new wineries. This increase is being expensed over time to the consolidated statement of earnings as finished goods are sold. For the three months ended June 30, 2019 the Company recorded a charge of $0.6 million to cost of goods sold as a result of this adjustment compared to $2.1 million in the first quarter of fiscal 2019. Management is continually focused on enhancing production efficiency and productivity and believes gross margin will remain strong for the foreseeable future.

Selling and administrative expenses decreased significantly in the first quarter of fiscal 2020 compared to the prior year due primarily to the Company's ongoing focus on reducing costs and the reduction of lease expenses ($0.8 million) due to the accounting treatment for lease obligations in accordance with IFRS 16, adopted on April 1, 2019. As a percentage of revenues, selling and administrative expenses improved to 25.3% in the first quarter of fiscal 2020 from 26.7% in the same period of the prior year.

Earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes ("EBITA") were $18.4 million for the three months ended June 30, 2019, up from $15.8 million in the prior year due to the improved gross margin and decrease in selling and administrative expenses. Adjusted EBITA, which excludes from EBITA one-time acquisition related charges, was $18.9 million for the three months ended June 30, 2019 compared to $17.9 million in the prior year.

Interest and amortization expense increased in fiscal 2020 compared to the prior year due primarily to the lease obligations as mentioned above.

The Company recorded a net unrealized non-cash loss in the first quarter of fiscal 2020 of $0.6 million related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts compared to a net unrealized gain of $0.2 million in the prior year.

Adjusted earnings, defined as net earnings not including net unrealized gains and losses on derivative financial instruments, other (income) expenses, non-recurring, non-operating (gains) and losses, and the related income tax effect were $9.8 million for the three months ended June 30, 2019 compared to $9.7 million in the prior year. Net earnings for the first quarter of fiscal 2020 were $8.8 million or $0.20 per Class A Share compared to $7.5 million or $0.18 per Class A Share in the prior year.

**Maintaining a Strong Financial Position**

Overall bank debt decreased to $152.0 million at June 30, 2019 from $154.8 million at March 31, 2019. The decrease is due to cash flows from operations, the positive impact of working capital management, and regularly scheduled debt repayments. With the decrease in debt, the Company's debt to equity ratio improved to 0.63:1 at June 30, 2019 compared to 0.66:1 at March 31, 2019. At June 30, 2019, the Company had unutilized debt capacity in the amount of $52.2 million on its operating facility and $105.2 million on its investment facility.

Shareholders' equity as at June 30, 2019 increased to $241.1 million or $5.46 per common share, up from $234.8 million or $5.31 per common share at March 31, 2019. The increase in shareholders' equity was due to the increase in net earnings in fiscal 2020, partially offset by the payment of dividends.

For the three months ended June 30, 2019, the Company generated cash from operating activities, after changes in non-cash working capital items, of $10.3 million compared to $16.0 million in the prior year. Investing activities of $4.6 million relate primarily to capital expenditures to improve operations.

**Common Share Dividend Increase**

On June 12, 2019, the Company's Board of Directors approved a 4.8% increase in common share dividends for shareholders of record on June 28, 2019 to be paid on July 5, 2019. The annual dividend on Class A Shares was increased to $0.215 per share from $0.205 per share and the dividend on Class B Shares was increased to $0.187 per share from $0.178 per share. The Company has consistently paid common share dividends since 1979 and has increased dividends every year for the past seven years.

## Financial Highlights (Unaudited)

(Financial Statements and the Company's Management Discussion and Analysis for the period can be obtained on the Company's web site at www.andrewpeller.com)

| **For the three months ended June 30, (in $000, except per share amounts)** | **2019** | 2018 |
|---|---|---|
| Sales | **$ 95,216** | $ 95,541 |
| Gross margin | **42,421** | 41,281 |
| Gross margin (% of sales) | **44.6%** | 43.2% |
| Selling and administrative expenses | **24,071** | 25,473 |
| EBITA | **18,350** | 15,808 |
| Adjusted EBITA | **18,925** | 17,942 |
| Interest | **2,228** | 1,954 |
| Net unrealized loss (gain) on derivative financial instruments | **565** | (218) |
| Other expenses | **86** | 275 |
| Adjusted earnings | **9,848** | 9,724 |
| Net earnings | **8,791** | 7,548 |
| Earnings per share – basic and diluted - Class A | **$ 0.20** | $ 0.18 |
| Earnings per share – basic and diluted - Class B | **$ 0.18** | $ 0.15 |
| Adjusted earnings per share – basic and diluted – Class A | **$ 0.23** | $ 0.23 |
| Adjusted earnings per share – basic and diluted – Class B | **$ 0.20** | $ 0.20 |
| Dividend per share – Class A (annual) | **$0.215** | $0.205 |
| Dividend per share – Class B (annual) | **$0.187** | $0.178 |

**About Andrew Peller Limited**

Andrew Peller Limited is one of Canada's leading producers and marketers of quality wines and craft beverage alcohol products. The Company's award-winning premium and ultra-premium VQA brands include *Peller Estates, Trius, Thirty Bench*, *Wayne Gretzky, Sandhill, Red Rooster, Black Hills Estate Winery, Tinhorn Creek Vineyards, Gray Monk Estate Winery, Raven Conspiracy,* and *Conviction*. Complementing these premium brands are a number of popularly priced varietal offerings, wine based liqueurs, craft ciders, beer and craft spirits. The Company owns and operates 101 well-positioned independent retail locations in Ontario under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names. The Company also operates Andrew Peller Import Agency and The Small Winemaker's Collection Inc., importers and marketing agents of premium wines from around the world. 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. ("GVI"), the recognized leader in personal winemaking products. More information about the Company can be found at www.andrewpeller.com.

The Company utilizes EBITA (defined as earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes) and Adjusted EBITA (defined as EBITA before non-recurring expenses such as acquisition transaction and transition costs) to measure its financial performance. EBITA and Adjusted EBITA are not recognized measures under IFRS. Management believes that EBITA and Adjusted EBITA are useful supplemental measures to net earnings, as these measures provide readers with an indication of earnings available for investment prior to debt service, capital expenditures, and income taxes, as well as provide an indication of recurring earnings compared to prior periods. Readers are cautioned that EBITA and Adjusted EBITA should not be construed as an alternative to net earnings determined in accordance with IFRS as indicators 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. The Company's method of calculating EBITA, Adjusted 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 provisions" of the Securities Act (Ontario) with respect to APL and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's acquisitions; its launch of new premium wines and craft beverage alcohol products; 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", "could", and similar verbs 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 and spirit prices; its ability to obtain grapes, imported wine, glass, and other raw materials; fluctuations in foreign currency exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian and international wine markets; market trends; reliance on key personnel; protection of its intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising, and labelling of its products; the regulation of liquor distribution and retailing in Ontario; the application of federal and provincial environmental laws; 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 "Risks and Uncertainties" 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. 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.*

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