

PRESS RELEASE

**MASI AGRICOLA BOARD OF DIRECTORS APPROVES THE 2018 CONSOLIDATED RESULTS**

**SLIGHT GROWTH IN INCOME AT OVER €65 MILLION  
NET PROFITS HAVE GROWN  
STABLE NET FINANCIAL POSITION**

**DIVIDENDS PROPOSED: 10 EUROCENTS PER SHARE AS IN 2018 (yield 2.6%)**

- **Net income €65.3 million (€64.4 million in 2017, +1.5% at current exchange rates and +3.4% at constant exchange rates)**
- **EBITDA €12.3 million (€13 million in 2017)**
- **EBIT €9.2 million (€10.2 million in 2017)**
- **Net Profits of €7.2 million (€6.7 million in 2017)**
- **Net financial debt €9.1 million (€9 million as at 31 December 2017)**
- **Consolidated shareholders' equity €127.2 million (€122.2 million as at 31 December 2017)**
- **Proposed dividend of 10 Eurocents per share (in line with last year's dividend), with yield of 2.6% in relation to the price on 21 March 2019**

*Sant'Ambrogio di Valpolicella, 22 March 2019.* The Board of Directors of Masi Agricola S.p.A. met today. The company is listed in AIM Italia and is one of the Italian leaders in the production of premium wines. The Board approved the draft Financial Statements and the Consolidated Financial Statements for the accounting period closing on 31 December 2018.

Sandro Boscaini, Chairman of Masi Agricola, remarked:

*"In 2018 we had a good grape harvest in terms of both quantity and quality. We have seen a growth in income, notwithstanding penalising exchange rates that have had an impact on profitability, which still remains high. We have been able to integrate Canevel effectively within the Group after the takeover completed a couple of years ago. Finally, Masi Wine Experience – our strategic macro-project aimed at establishing ever-more direct contact with the end-consumer – has continued to expand and achieve greater visibility. The success was undoubtedly helped by the opening of the "Al Druscié" Masi Wine Bar in Cortina. I think on the whole, we can consider 2018 as a positive year for the Group from the point of view both of profitability and of long term prospects. Indeed, notwithstanding the current situation and the many reasons for uncertainty in the global context in which our business operates, we remain active and invest consistently with our development goals."*

## GROUP ECONOMIC TRENDS

### *Analysis of consolidated income*

Division of sales by geographical area (in thousands of Euros):

	2018 Accounting period		2017 Accounting period	
		%		%
Italy	14,272	21.9%	12,712	19.7%
Rest of Europe	26,681	40.9%	26,405	41.0%
Americas	22,556	34.5%	23,629	36.7%
Other	1,804	2.8%	1,628	2.5%
<b>Income from sales and services</b>	<b>65,313</b>	<b>100.0%</b>	<b>64,374</b>	<b>100.0%</b>

Income from sales and services has increased as a whole by about 1.5% (it would have been about +3.4% if exchange rates had been constant, for a theoretical turnover of €66,592 thousand). The main drive for growth came from Italy with +12.3%, but the rest of Europe and the rest of the world also experienced an upturn. The Americas however, saw a drop of 4.5%, mainly because of unfavourable exchange rates.

Comparison between 2017-2018 income reclassified according to the product's commercial positioning (in percentages):<sup>1</sup>

	2018 Accounting period	2017 Accounting period
Top Wines	24.9%	24.3%
Premium Wines	51.2%	53.2%
Classic Wines	23.9%	22.5%

As can be seen, the above figures confirm the importance of premium wines for the Masi Group.

Customer solvency and the collection of receivables did not give rise to particular problems, remaining in line with previous accounting periods.

From an examination of the seasonal fluctuations in the business, it is worthy of note that in recent accounting periods the majority of income has been generated in the second half of the fiscal year.

### *Analysis of operational results and consolidated net results*

<sup>1</sup> The following is a rough guide to the positioning of the retail price-brackets found on Italian wine shelves: *Top Wines*: wines whose price per bottle is over €25; *Premium Wines*: wines whose price per bottle is between €10 and €25; *Classic Wines*: wines whose price per bottle is between €5 and €10.

There are a number of important points to emphasise here:

- a) The *Gross Industrial Margin* increased by €769 thousand, from €42,402 thousand in 2017 to €43,171 thousand in 2018 (from 65.9% to 66.1%). The above improvement derives essentially from the positive performance of costs of raw materials;
- b) Service costs grew by €2,496 thousand, mostly due to market support in terms of advertising and promotion. This increase, which also contains several hundreds of thousands of Euros of non-recurring costs connected with special projects, has to be seen in the light of the €997 thousand increase in other income and proceeds (from €1,235 thousand to €2,233 thousand), above all from greater wine CMO contributions due to promotion in markets outside the European Union.

**EBITDA** amounted to €12,259 thousand, compared with €12,972 thousand during the previous accounting period. It should be noted that the negative impact of currency exchange rates on 2018 income was reflected *mutatis mutandis* in the profitability figures.

Amortisation and write-downs saw an increase by a total of €235 thousand, bringing **EBIT** down to €9,219 thousand, compared with €10,167 thousand in 2017.

**Financial income and charges, income and charges from investments, foreign exchange gains and losses** amounted to a net charge of €565 thousand against €667 thousand for the same total in 2017, hence marking a slight improvement.

**Taxes** amounted to €1,448 thousand as compared with €2,776 thousand during the previous accounting period. The reduction can be largely attributed to chargeable income dynamics and the positive effects of the surplus of substituting tax in the amount of €855 thousand by the redemption of the greater values of the inventory recorded on the occasion of the so-called *IFRS transition*, occurring in June 2018 on the closure of the 2017 Financial Statements.

**Net consolidated profits** thus increased from €6,725 thousand to €7,206 thousand.

## **EQUITY AND FINANCIAL SITUATION**

Consolidated net financial debt as at 31 December 2018 amounted to €9,054 thousand compared with the figure of €8,970 thousand as at 31 December 2017.

## **FACTS OF IMPORTANCE OCCURRING DURING THE PERIOD**

While, from the point of view of wine-making, 2017 was one of the least productive years in the last fifty years due to a combination of climatic events that gave rise to unusually and exceptionally negative impacts, 2018 saw values return to the average levels of fully productive years in terms of quantity combined with grapes generally of very good quality. Climatic conditions were ideal for drying the grapes, the process which allows us to obtain not only the Amaroni and Reciotti wines, but many other Masi wines, representing the true centre of our business expertise.

We are happy to report the celebrations arranged in accordance with the wishes of Veronafiere and organised by them in great style with the Masi Technical Group, at the fifty-second Vinitaly, in honour of the 30 years of the Masi Technical Seminar held during Vinitaly, which has contributed to making Amarone a world-famous emblem of Italian production over the years. The Group's Amarone wines were obviously the stars of the event, with an unforgettable vertical wine tasting of the last 30 years, in the presence of both the Italian and the international press combined with a select audience of wine experts.

Work has begun on the restructuring and enlargement of the historic Boscaini wine cellar in Marano di Valpolicella (VR) in the Valgatara District, today the main centre for the production and bottling of Masi Group wines. The cellar and surrounding vineyards were bought by Paolo Boscaini in 1882, when the business transferred its headquarters from the "Vaio dei Masi" in Torbe to the Valle di Marano. This stage of the works is concentrating on the wine-making sector.

Our subsidiary Canevel Spumanti S.p.A. launched both Campofalco, an organic *single vineyard* Valdobbiadene Prosecco Superiore – subsequently bearing the insignia of the 3 Bicchieri del Gambero Rosso – and the "Black Label" version of the highly-prized Valdobbiadene Prosecco Brut DOCG (controlled and guaranteed designation of origin), especially designed for the duty-free channel. Both these new products represent the practical results of the synergies achieved from the acquisition of Canevel by Masi, which can add its expertise in sales channels (travel retail in this case) and in products to the already optimal fundamentals of the Valdobbiadene brand.

The strategic initiative called *Masi Wine Experience* continued its development. It represents the Group's strategic macro-project aimed at establishing ever-more direct contact with the end-consumer in order to communicate the brand characteristics and its underlying values both in terms of wine-making and on the broader level of culture and lifestyle, enriching the brand with additional meaning. The project focused on two main innovations in 2018: the first being the opening of the Canevel Wine Shop at the Valdobbiadene headquarters combined with the introduction of guided tours and tastings/events for private customers and businesses, while the second was the opening of the "Al Druscié" Masi Wine Bar in Cortina d'Ampezzo at the end of December, which is already generating extremely positive results. The Masi Wine Experience "Locations" have now increased to seven with the opening of these two new premises.



## **FACTS OF IMPORTANCE OCCURRING AFTER THE CLOSURE OF THE PERIOD**

During *Prowein*, the international wine trade fair recently held in Düsseldorf, from 17 to 19 March 2019, our subsidiary Canevel Spumanti S.p.A. introduced a preview of the new packaging of the Valdobbiadene Prosecco Superiore Brut D.O.C.G. and the Extra Dry version, displaying the “Setàge” flag.



This logo displayed on the label showcases Canevel’s consolidated skills in sparkling wine to both the trade and the consumer. These skills have been refined into a genuine method involving a number of different factors at different stages in the value chain. The process used to create the bubbles, using special procedures including a slow development and select yeasts, is able to generate an extremely noticeable organoleptic effect in terms of the creaminess, softness and pleasantness of its perlage, with bubbles as fine and elegant as silk. Masi Technical Group is responsible for the validation of this process while also developing the project as a whole with further research and ongoing improvements. We would refer you, among other things, to the subject of the XXXI Masi Technical Seminar, to be held at the next Vinitaly under the title “*Sparkling Wines, simple bubbles or bio-technology?*”.

## **FORESEEABLE MANAGEMENT TRENDS**

Unfortunately there are a number of elements which make it difficult to forecast management trends. These include the general socio-political and economic uncertainties in many markets, the volatility of the financial markets and, as a consequence, of currency exchange rates, and our customer’s increased caution in their purchases.

## **CALLING OF THE ORDINARY GENERAL MEETING**

Please note that at today’s meeting the Board of Directors called the Ordinary General Meeting of Shareholders for 11 a.m. on 29 April 2019, to be held at Masi Tenuta Canova at Via Delaini 1, 37017 Lazise del Garda (Verona) – District of Sacro Cuor.

So far as the approval of the Financial Statements as at 31 December 2018 is concerned, the Board of Directors will propose to the General Meeting that the Company should distribute a unitary ordinary dividend, gross of the retentions required by law and amounting to about €0.10 per share (total of €3,215,115,60, amounting to about 45% of the net consolidated profits of the accounting period closing on 31 December 2018), with ex-dividend date on 24 June 2019 (record date 25 June 2019) and payment available from 26 June 2019.

The Notice calling the Ordinary General Meeting will be published pursuant to law and the Articles of Association and also on the website [www.masi.it](http://www.masi.it), in the “investor-relations/General Meetings” section (the area of the site dedicated to the General Meeting concerned).



## **PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE DRAFT FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD CLOSING ON 31 DECEMBER 2018**

The Consolidated Financial Statements and the draft Financial Statements for the accounting period closing on 31 December 2018 will be made available to the public pursuant to and within the time limits laid down by the law at the Company's Registered Office, at Borsa Italiana S.p.A. and on the website [www.masi.it](http://www.masi.it), in the "investor-relations/Financial Statements" section.

— — —

### **MASI AGRICOLA**

Masi Agricola is a winery based in Valpolicella Classica, producing and distributing fine wines firmly rooted in the values of the Triveneto region. By using indigenous grape varieties and methods, as well as constantly conducting experiments and research, today Masi is one of the best-known Italian producers of fine wines in the world. Its products, and especially its Amarone wines, have won several international awards. The Group's business model combines high quality and efficiency with the modernization of local values and traditions. All this forms part of a vision that allows Masi to stand out not only for its core business, but also for how it carries out research and experimentation in agriculture and winemaking, seeking to promote the territory and the cultural heritage of the Triveneto region. The Group boasts an increasingly strong international outlook: it operates in over 130 countries, with exports representing almost 80% of overall sales. In 2018, Masi Group generated over 65 million euros in sales, with an EBITDA margin of around 19%. Masi has a detailed growth strategy based on three pillars: organic growth through the strengthening in the numerous markets where it is already operating; expansion of the offer of wines linked to the local territory and to the techniques of the Venetian region, also by aggregating other winemakers; achievement of more direct contact with the end user, thus giving more relevance to the brand, which is internationally recognised.

Masi is listed on AIM Italia since 30th June 2015. Masi shares trade under the ticker symbol "MASI" and the ISIN code IT0004125677. The minimum trading lot is 250 shares. The company's Nomad and Specialist is Equita Sim S.p.A.

### **ANNEXES**

- Reclassified Consolidated Profit and loss account
- Reclassified Consolidated Balance Sheet
- Reclassified Consolidated Cash-flow Statement

*Note: the data relating to 2018 and 2017 have been drawn up in accordance with IAS/IFRS accounting standards and have been subjected to a complete audit. The Profit and loss account, the Balance Sheet and the Cash-flow Statement have been reclassified in accordance with a lay-out and organisation normally used by management and investors to assess Group results. The above reclassified draft Financial Statements are not consistent with the presentation standards required by the International Financial Reporting Standards (IFRS) and must thus not be seen as replacements for the latter. Nonetheless, in view of the fact that they are based on the same contents, they can be easily reconciled with those required to be produced under the reference international accounting standards.*

## RE-CLASSIFIED PROFIT AND LOSS ACCOUNT

<i>(thousands of Euros)</i>	<b>2018 Accounting period</b>	<b>% of Income</b>	<b>2017 Accounting period</b>	<b>% of Income</b>
Income	65,313	100.0%	64,374	100.0%
Costs of the purchase and production of sales	(22,141)	(33.9)%	(21,972)	(34.1)%
<b>Gross Industrial Margin</b>	<b>43,171</b>	<b>66.1%</b>	<b>42,402</b>	<b>65.9%</b>
Costs of services	(23,689)	(36.3)%	(21,192)	(32.9)%
Staff costs	(8,957)	(13.7)%	(8,921)	(13.9)%
Other operating costs	(499)	(0.8)%	(551)	(0.9)%
Other income and proceeds	2,233	3.4%	1,235	1.9%
<b>EBITDA</b>	<b>12,259</b>	<b>18.8%</b>	<b>12,972</b>	<b>20.2%</b>
Amortisation	(2,928)	(4.5)%	(2,777)	(4.3)%
Write-downs	(112)	(0.2)%	(28)	(0.0)%
<b>EBIT</b>	<b>9,219</b>	<b>14.1%</b>	<b>10,167</b>	<b>15.8%</b>
Financial proceeds	287	0.4%	77	0.1%
Financial charges	(299)	(0.5)%	(410)	(0.6)%
(Charges)/Proceeds from shares	75	0.1%	75	0.1%
Profits (losses) on exchange rate transactions	(628)	(1.0)%	(408)	(0.6)%
<b>Pre-tax results</b>	<b>8,655</b>	<b>13.3%</b>	<b>9,500</b>	<b>14.8%</b>
Income tax	(1,448)	(2.2)%	(2,775)	(4.3)%
<b>Period results</b>	<b>7,206</b>	<b>11.0%</b>	<b>6,725</b>	<b>10.4%</b>

(\*) EBITDA indicates results prior to financial charges, taxes, depreciation of receivables, amortisation of fixed assets, provisions for costs and charges, and extraordinary items. EBITDA thus represents the results of operational management before amortisation and the valuation of the extent to which receivables are collectable. EBITDA defined in this way represents the indicator used by the Company's directors to monitor and assess operational trends in business activities. Since EBITDA is not identified as an accounting measure under the accounting standards, it must not be considered as an alternative measure for the valuation of the trends of the Company's operational results. Since the make-up of EBITDA is not regulated by the reference accounting standards, the criteria used for its calculation might not be homogeneous with that adopted by other bodies and hence not be comparable with them.

(\*\*) The EBITDA Margin is calculated by the Group as the ratio between EBITDA and income from sales and services.

(\*\*\*) EBIT indicates company results prior to the deduction of financial charges, period taxes and extraordinary items. EBIT thus represents the operational management results prior to the remuneration of third-party and the company's own sources of financing. EBIT defined in this way represents the indicator used by the Company's directors to monitor and assess operational trends in business activities. Since EBIT is not identified as an accounting measure under the accounting standards, it must not be considered as an alternative measure for the valuation of the trends of the Company's operational results. Since the make-up of EBIT is not regulated by the reference accounting standards, the criteria used for its calculation might not be homogeneous with that adopted by other bodies and hence not be comparable with them.

(\*\*\*\*) The EBIT Margin is calculated by the Group as the ratio between EBIT and income from sales and services.

**RE-CLASSIFIED CONSOLIDATED BALANCE SHEET**

<i>(thousands of Euros)</i>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>Difference</b>
Intangible fixed assets	15,262	15,286	(24)
Tangible fixed assets	56,545	54,234	2,311
Agricultural and biological activities	6,324	6,179	144
Other net non-current assets	1,397	1,257	141
<b>Net fixed assets</b>	<b>79,527</b>	<b>76,955</b>	<b>2,572</b>
Trade receivables	16,056	16,297	(241)
Inventory	50,189	48,498	1,691
Trade payables	(9,255)	(8,719)	(536)
<b>Commercial net working capital</b>	<b>56,990</b>	<b>56,076</b>	<b>914</b>
Other assets	4,333	4,607	(274)
Other liabilities	(3,052)	(4,966)	1,914
<b>Net working capital</b>	<b>58,271</b>	<b>55,717</b>	<b>2,554</b>
Provisions for risks and charges	(109)	(186)	77
Staff leaving indemnity	(819)	(879)	60
Deferred taxes	(603)	(430)	(173)
<b>Net invested capital</b>	<b>136,267</b>	<b>131,177</b>	<b>5,090</b>
Net Financial position	9,054	8,970	84
Consolidated shareholders' equity	127,213	122,207	5,006
<b>Total source of finance</b>	<b>136,267</b>	<b>131,177</b>	<b>5,090</b>

**RE-CLASSIFIED CONSOLIDATED CASH-FLOW STATEMENT**

<i>(in thousands of Euros)</i>	<b>2018 Accounting period</b>	<b>2017 Accounting period</b>
<b>Net Results</b>	7,206	6,725
Amortisation and write-downs of non-current assets	2,928	2,777
Other adjustments (taxes, debit interest, dividends cashed, provisions to reserves, other non-monetary adjustments, etc.)	36	104
	10,171	9,606
Change in net working capital	(2,554)	(4,698)
<b>Cash flow from operating activities</b>	7,617	4,908
<b>Net investments</b>	(5,500)	(3,663)
<b>Free cash flow</b>	2,117	1,245
Increases in Capital	0	0
Other equity changes	(2,201)	(3,483)
<b>Change in net financial position</b>	(84)	(2,238)
Initial net financial position	(8,970)	(6,732)
Final net financial position	(9,054)	(8,970)