



PRESS RELEASE

MASI AGRICOLA: CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2017

REVENUE +1% (IMPROVEMENT ALSO IN Q3)

**REDUCED PROFITABILITY DUE TO AN EXCEPTIONALLY DIFFICULT ITALIAN HARVEST, AS WELL AS
A DIFFERENT SALES MIX**

THE PARENT COMPANY REINFORCES CORPORATE GOVERNANCE AND ADOPTS MODEL 231

2018 CORPORATE CALENDAR APPROVED

- **Net revenues EUR 44.7 million (EUR 44.5 million in the first 9 months of 2016, +1%)**
- **EBITDA of EUR 8.4 million (EUR 10.7 million in the first 9 months of 2016)**
- **Net Financial Debt EUR 6.3 million (EUR 6.6 million at 31 December 2016)**

Sant’Ambrogio di Valpolicella, 15 November 2017. The Board of Directors of Masi Agricola S.p.A. – a company listed on the AIM Italia market and a leading producer of *premium* wines – met today and approved the consolidated results as at 30 September 2017.

Below are the main consolidated economic data of the Masi Group in the first nine months of 2017, compared with the corresponding period and full year of 2016:

(in thousands of EUR)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	9M-2017	9M-2016	Change	Change %	Financial year 2016
Revenues from sales and services	44,723	44,488	235	+1%	63,870
EBITDA (*)	8,351	10,719			15,372
EBITDA Margin (**)	19%	24%			24%

(*) EBITDA means earnings before interest, taxes, depreciation and amortisation, impairment losses on receivables, provisions for risks and charges, and extraordinary items. EBITDA therefore represents operating profit or loss before depreciation and amortisation and the testing of trade receivables for impairment. This is the indicator that management uses to monitor and assess the Company's financial performance. Since EBITDA is not recognised under Italian accounting standards, it shall not be considered as an alternative measure to assess the Company's operating results. Since the reference accounting standards do not govern the composition of EBITDA, the Company's calculation of this measure may not be consistent with that of other entities, and therefore not comparable.

(**) The Group calculates the EBITDA Margin as the ratio of EBITDA to Revenue from sales and services.

For comparison purposes, the data presented above do not include within the scope of consolidation of the first nine months of 2016 the companies Canevel Spumanti SpA, Società Agricola Canevel a r.l. and Canevel Spumanti Tenuta Le Vigne Società Agricola a r.l., of which Masi Agricola acquired a 60% stake on 27 September 2016.

The first nine months of 2017 show an increase in revenues of approximately 1% compared to the same period of the previous year. Excluding Canevel, there would have been a -5% drop in revenues, yet showing an improvement from the first half of 2017, when the Group reported a 1% decrease in consolidated revenues (-7% excluding Canevel). Also in October 2017, the Group's turnover was lower than the same month of the previous year. It should be noted that the business model and high export share result in a distribution chain: a) established "downstream" of several levels (from the importer to the distributor and then to the retailer) in free competitive markets; b) with regulatory restrictions on communications and marketing in monopoly markets; c) with medium-term promotional calendars in organised retail. There is therefore a medium-term time-lag between the actions that may be carried out to support turnover and results, and the resulting non-immediate impacts on the trend reversal.

Consolidated EBITDA went from EUR 10,719 thousand in the first nine months of 2016 to EUR 8,351 thousand (EBITDA Margin from 24% to 19%). The difference is primarily due to the full accounting – at the date of reference – of the compromised productivity in terms of quantity of the 2017 harvest of our vineyards and due to the different sales mix achieved.

With regard to the 2017 harvest, as noted also by Assoenologi (see "*Definitive estimates on the 2017 wine production*" dated 20 October), there has been no season like the last one in living memory, where weather events persisted to an unusual and extraordinary extent: in April, a wave of frost swept the country "burning" lots of buds that were already well developed, sadly making them unable to bear fruit; an extraordinary heat wave with drought starting in May and peaking in July and August (temperatures often above 40°C); hail in the North in July and August.

The data shows a national production of over 15 million hectolitres fewer than last year (-28%). With 38.9 million hectolitres, 2017 ranks second among the worst harvests since the post-war period, overtaken only by that of 1947 (36.4 million Hl).

In terms of health, the grapes were generally given to the Italian wineries in a healthy state, although with different levels of maturity even within the same vineyard and often with very dehydrated bunches. The quality of the wine is therefore heterogenous this year, altogether quite good yet with several variants: some with excellent quality levels and others, where the weather was particularly fierce, with lower standards.

The geographical areas relevant to us were no exception.

Given this situation, the level of our company wine stocks means that we do not expect any major impacts in terms of sales, although there is a reasonable risk of a rise in the prices of ready-to-drink wines.

Below is the consolidated Net Financial Position at 30 September 2017, compared to 31 December and 30 September 2016:

<i>(in thousands of EUR)</i>	30-09-2017	31-12-2016	Change	30-09-2016
Net Financial Position/(Debt) (*)	(6,266)	(6,576)	310	(8,975)

(*) Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, the Net Financial Position/(Net Financial Debt) is calculated as the sum of cash and cash equivalents and non-current financial liabilities, and was determined in accordance with the Recommendation ESMA/2013/319 of 20 March 2013.



Cash flow achieved in the first nine months of 2017, compared to the first nine months of 2016, benefitted primarily from net working capital trends.

ADOPTION OF MODEL 231

In today's meeting, the Board of Directors adopted the Code of Ethics of Masi Agricola S.p.A. and the organisation and management model pursuant to Legislative Decree No. 231/2001 (the so-called "Model 231").

The adoption of the Code of Ethics is another step in the development of the Masi Group to pursue a set of values, including accountability, fairness, transparency, efficiency, a service-oriented attitude, competition, community relations, environmental protection and human resources development.

Model 231 is part of a broader corporate governance policy of the Company to strengthen its internal control system, ensuring that the requirements of fairness and transparency are upheld, with a protection tool in the event of an occurrence of the offences covered under corporate administrative liability. Moreover, the Model is the result of a structured analysis of the organisation and Company processes in line with best practices and considering the specificities of the business model.

The management of Model 231 has been assigned to a Supervisory Body, to whom it is possible to report any violations of the Model or Code of Ethics or make requests for additional information by sending an email to odv@masi.it.

2018 CALENDAR OF CORPORATE EVENTS

The Board of Directors approved the 2018 calendar of corporate events. Please see the separate press release issued today by the Company.

OTHER INFORMATION

On 15 September 2017, the Veneto Region has unfortunately reduced – again for the 2017 harvest, as in the previous year – the percentage of grapes left to rest for the production of DOCG wines "Amarone della Valpolicella" and DOCG "Recioto della Valpolicella", reducing the so-called "harvest selection" by around 40% compared to the limit allowed by the relevant specification. In any case, the Company has protected its business by consistently managing its purchases and stocks.

The various awards given to the Masi Group and its products in the second half of 2017 by the most prestigious national and international rating authorities and guides include:

- Guida Vini d'Italia Tre Bicchieri 2018 Gambero Rosso, which gave Masi the 2018 Winery of the Year prize;



- Various other positive scores (over 92/100) for a large number of products representative of all brands of the Group.

These results confirm the Company's standing in terms of product quality and ongoing excellence: every year, Masi wines – primarily the Amaroni and Supervenetian Campofiorin – are among the most acclaimed wines by professional evaluators.

Lastly, in September the Wine Discovery Museum was opened at Masi Tenuta Canova in Lazise (VR) – an experience to discover wine with exposition halls that cover three processes: from the Earth to the vine, from the vine to wine, and from wine to the table. The scenic centre of the Wine Discovery Museum features the large 50,000-litre vat (5 metres tall and 4.5. wide), which has been used to age Masi wines for over 15 years and which can accommodate up to 15 people at a time for a unique sensory and immersive experience: in 3 minutes you can experience 7 days of fermentation with live-captured sounds, smells and images. This initiative enhances the strategic Masi Wine Experience project in view of gaining an increasingly direct relationship with the consumer.

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 100 countries, with exports representing over 84% of overall sales at 31 December 2016. In 2016, the Masi Group generated approximately 64 million euros in sales, with an EBITDA margin of around 24%. Masi has a detailed growth strategy based on three pillars: broadening the offering of wines associated with the territory and techniques of the Triveneto region, including through acquisitions; growing organically by strengthening its position in the several markets where it already operates; establishing a more direct relationship with end consumers (also through the Masi Wine Experience project), making its internationally famous brand resonate more strongly.

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.

Note: the information relating to this press release has been prepared according to accounting principles set out by the Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili (the Italian association of chartered accounts), revised, updated and supplemented by the OIC (Italian Accounting Board), (in particular OIC 30 – "Intermediate financial statements") and, where these are lacking, the accounting principles set out by the IASB (in particular IAS 34 – "Interim Reports") as recalled by CONSOB. Data for the first nine months of 2017 and first nine months of 2016 have not been and will not be audited. The full-year data for 2016 have undergone a full audit.



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