

# Bit Market Services

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*Testo del comunicato*

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PRESS RELEASE

**THE BOARD OF DIRECTORS OF MASI AGRICOLA APPROVES THE CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2015**

**INCREASE IN REVENUES AND PROFITABILITY, POSITIVE NET CASH FOLLOWING AIM ITALIA IPO**

- Net revenues of €27.5 million (€26.2m in H1 2014, +4.7%)
- EBITDA €7.5 million (€4.5m in H1 2014)
- EBIT €5.2 million (€2.3m in H1 2014)
- Net profit for the period €3.1 million (€0.9m in H1 2014)
- Positive net financial position of €2.8 million (negative €18.6m at 31 December 2014) as a result of the capital increase carried out at time of quotation on the AIM Italia market.

*Sant’Ambrogio di Valpolicella, 30 September 2015.* Today the Board of Directors of Masi Agricola S.p.A., a company quoted on the AIM Italia market and among the leading Italian producers of premium wine, approved the consolidated half year financial report at 30 June 2015.

Sandro Boscaini, Chairman of Masi Agricola, stated: *«I am satisfied with the results we have achieved during the first half of 2015. We have grown, recording some of the highest rates of profitability in the industry and –even without taking into account the cash inflows arising from the share capital increase that took place at the time the company was listed on the AIM Italia market– our current activities have generated cash. On the other hand international trade in “still” wines continues to be difficult, and the environment within which we are working is unfavourable: for this reason we must seek ever more direct contact with the final consumer and to communicate the distinctive nature of our brand».*

**FINANCIAL PERFORMANCE OF THE GROUP**

*Analysis of revenues*

Composition of sales by geographical area (in thousands of euro):

	H1-2015	%	H1-2014	%	Financial Year 2014	%
Italy	2,807	10.2%	2,943	11.2%	6,207	10.4%
Europe	12,872	46.8%	12,967	49.4%	30,148	50.5%
Americas	10,946	39.8%	9,638	36.7%	22,196	37.2%
Other	850	3.1%	684	2.6%	1,170	2.0%
<b>Revenues from sale of goods/services</b>	<b>27,476</b>	<b>100.0%</b>	<b>26,232</b>	<b>100.0%</b>	<b>59,721</b>	<b>100.0%</b>

Revenues have increased by 4.7% overall, with the geographical area contributing most to this growth being the Americas. Growth there has been generated due to both the distribution policies previously adopted and the exchange rate, which was more favourable compared to the first half of 2014 (the US dollar in particular). As for Europe, which overall has experienced a decrease of less than 1%, increases in revenues in various countries and in high-end channels, such as the travel retail channel, have been witnessed.

Comparison of revenues 2014-2015 reclassified according to the commercial positioning of the product (in thousands of euro)<sup>1</sup>:

	H1-2015	%	H1-2014	%	Financial Year 2014	%
Top Wines	6,138	22.3%	5,527	21.1%	13,731	23.0%
Premium Wines	13,632	49.6%	12,817	48.9%	28,940	48.5%
Classic Wines	7,283	26.5%	7,355	28.0%	16,022	26.8%
Other products	423	1.5%	532	2.0%	1,028	1.7%
<b>Revenues from sale of goods/services</b>	<b>27,476</b>	<b>100.0%</b>	<b>26,232</b>	<b>100.0%</b>	<b>59,721</b>	<b>100.0%</b>

As can be observed, during the first half of 2015 the most significant growth has been achieved in the Top Wines segment with +11.1%, whereas Premium Wines sales have grown by 6.4% and Classic Wines have recorded a slight fall, -1%. When it comes to units of product sold, the numbers recorded are stable overall, with mid-high single digit growth in Top Wines, lower growth in Premium Wines and a slight fall in Classic Wines, implying a product mix that has generated an increase in the average price.

The solvency of the client base and credit collection performance have not presented particular critical issues and have remained in line with the experience of previous years; a few more difficulties have been encountered in the domestic market, in the restaurant and small-scale retail sectors: no significant anomalies have arisen with regard to the credit control situation, however.

In dealing with the feature of seasonality, it should be recalled that in recent years the majority of revenues have been achieved during the second half, albeit not to the accentuated degree that prevailed prior to the global financial crisis (2009).

<sup>1</sup> Product positioning in terms of “off-the-shelf” retail price bands are understood as follows: *Top Wines*: wines with a price per bottle in excess of €25; *Premium Wines*: wines with a price per bottle between €10 and €25; *Classic Wines*: wines with a price per bottle between €5 and €10.

*Analysis of consolidated operating and net profit*

**EBITDA** increased from €4,493 thousand in the first half of 2014 to €7,522 thousand in the first half of 2015 (with an EBITDA margin that has grown from 17% to 27%), fundamentally due to two factors: a) the net of *revenues from sale of goods/services* and *costs for raw materials and goods* has improved by €1,686 thousand, with this net value now representing 69% of revenues, thus is substantially in line with the full year 2014 figure, but represent an improvement of 3 percentage points compared to the first half of 2014; b) costs for services decreased by approximately €780 thousand, mainly with reference to “commercial” services (advertising and marketing). Moreover this item has benefited from the favourite timing effect valued at around €500 thousand, that will be reversed and have the opposite impact during the second half of 2015.

Depreciation, amortisation and write-downs are essentially in line with those of the same period in the prior year, and therefore **EBIT** has improved almost as much as EBITDA, reaching a level of €5,183 thousand, compared to €2,290 thousand for the first half of 2014 (as a consequence the EBIT margin has increased, from 9% to 19%).

**Financial income and charges:** this item stands at negative €151 thousand, against negative €825 thousand for the first half of 2014. The difference is almost entirely due to more favourable trends in exchange rates.

**Taxation:** this increased from €609 thousand to €1,905 thousand as a result of the higher level of profitability.

Consequently **net profit** for the period has increased to €3,119 thousand (€856 thousand at 30 June 2014).

**BALANCE SHEET AND FINANCIAL SITUATION**

The consolidated net financial position at 30 June 2015 was equal to €2,752 thousand, compared to negative €18,614 thousand at 31 December 2014.

Overall cash flow generated during the first half of 2015 (equal to €21,376 thousand) was very strongly influenced by the financial resources raised by the company through the Institutional Placement (see the “Significant Events” section).

## **SIGNIFICANT EVENTS**

### *Production*

The quantity of wines produced in early 2015 from dried (*passito*) grapes was particularly reduced, due to the limits imposed by the Veneto Region given the need to choose the selection of grapes to be harvested based on considerations of quality, as a result of the sub-optimal state of the grapes that was caused by a particularly difficult growing season.

### *Quotation on the AIM Italia market*

On 26 June 2015 Borsa Italiana admitted to trading the ordinary shares (the “Shares”) of the company on AIM Italia – Mercato Alternativo del Capitale, a multilateral trading facility organised and managed by Borsa Italiana S.p.A..

Admission took place following an institutional placement (“Institutional Placement”) directed exclusively at qualified Italian and foreign institutional investors of 6,436,000 “Shares”, of which 4,347,000 Shares were derived from the increase in the company’s share capital and 2,089,000 Shares were put up for sale by Alcedo SGR S.p.A., a shareholder by means of the vehicle BAC.CO S.p.A. (Alcedo SGR). Furthermore the Joint Global Coordinator exercised the over-allotment option for an additional 965,000 Shares granted by Alcedo SGR. At the time of the stock’s debut on Borsa Italiana, with trading commencing on 30 June 2015, the free float was equal to 20% of share capital. The Institutional Placement represented the largest capital-raising transaction to have been completed on AIM Italia (excluding the raising of finance carried out by SPACs, special purpose acquisition companies).

The company fixed at €4.60 the price of the Shares offered in the Institutional Placement, which generated demand equivalent to 1.3 times the quantity of shares on offer. 55% of demand originated from 25 Italian investors, with the remaining 45% from 32 foreign investors.

An option (the so-called *Greenshoe* option) was granted by Alcedo SGR to the *Joint Global Coordinator* for the purchase at the Institutional Placement price of up to a maximum number of 965,000 Shares, equivalent to 15% of the Shares that were the subject of the Institutional Placement, with this option to be exercised –in whole or in part– within 30 days of the date of commencement of trading in the Shares on AIM Italia. EQUITA SIM S.p.A. has partially exercised the *Greenshoe* option for a total 142,750 ordinary shares. Following the exercising of the *Greenshoe* option, the Institutional Placement therefore involved 6,578,750 ordinary shares with a total counter value of approximately €30.3 million, representing a free float of approximately 20.5%.

The company collected total consideration of €19,996,200 from the transaction set out above, originating from the capital increase.

Following the Institutional Placement small, so-called retail investors can buy and sell the Shares.

## **SUBSEQUENT EVENTS**

On 27 July 2015 the wine shop, with tasting facilities, opened to the public. This was set up with management of the shop entrusted to an independent partner under a leasing-of-business-enterprise and franchising arrangement, and is located at the farmstead owned by the subsidiary Canova S.r.l. at Lazise (in province of Verona). At this production site, consisting of a vineyard, facilities to dry grapes and a cellar for ageing the wine, guided tours for the public are offered, in application of the strategic Masi Wine Experience project, the aim of which is to achieve ever greater direct contact with the final consumer. The site has the advantage of being located in one of Italy's tourist areas, namely Lake Garda and surroundings, which benefits from the presence of millions of tourists from central and northern Europe each year.

## **OTHER INFORMATION**

With regard to transactions with related parties, including intra-group transactions, it is stated that these cannot be classified as atypical or unusual, forming as they do part of the normal business activities of the companies of the Group. These transactions are conducted on an arm's length basis, taking into account the characteristics of the goods and services that are traded.

The consolidated half year financial report at 30 June 2015 provides detailed information about the impact that the transactions and balances with related parties have on the Group's balance sheet and financial situation, and profit and loss account.

## **PUBLICATION OF THE CONSOLIDATED HALF YEAR FINANCIAL REPORT AND THE REPORT OF THE AUDIT FIRM**

The consolidated half year financial report at 30 June 2015 and the limited audit report issued by Reconta Ernst & Young S.p.A. are available to the public at the company's registered office, on the website [www.masi.it](http://www.masi.it) (in the Investors/Financial Statements section) and on the website of Borsa Italiana S.p.A. [www.borsaitaliana.it](http://www.borsaitaliana.it) and through the authorised "NIS-Storage" storage mechanism, at [www.emarketstorage.com](http://www.emarketstorage.com).

Masi Agricola S.p.A. states that the abovementioned report of the audit firm, shown below, gives an unqualified opinion.

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### **MASI AGRICOLA**

Masi Agricola is a wine producing company rooted in Valpolicella Classica, producing and distributing wines of quality which are firmly anchored to the values of Venice and its surrounding area. Thanks to the use of indigenous grape varieties and methods, and ongoing experimentation and research activities, Masi is today one of the best known Italian producers of quality wines in the world. Its wines, in particular its Amarone, have received numerous honours from international critics.

The entrepreneurial model of the Group marries high quality and efficiency with bringing up to date the values and traditions of its local territory. All this forms part of a vision that leads Masi to stand out not only for its core business, but also for how it carries out research and experimentation in the fields of agriculture and wine production, in order to enhance and promote its local territory, and the cultural heritage of Venice and its surrounding area.



The Group can count on a strong and growing international calling: it has a presence in almost 100 countries, with exports representing over 90% of overall turnover.

The Masi Group had sales of approximately €60 million in 2014, with an EBITDA margin of around 30%.

Masi has a precise growth strategy, based on three building blocks: broadening of the offering of wines linked to the territory and techniques of Venice and the surrounding area, including through acquisitions; organic growth through the strengthening of its position in the numerous markets where it is a key player; achieving ever more direct contact with the final consumer, attaining richer significance for its internationally well-known brand.

The alphanumeric code for the shares is "MASI" and the ISIN code IT0004125677. The minimum tradable amount is 250 shares.

The Nomad and Specialist for the company is Equita Sim S.p.A..

#### DISCLAIMER

This document contains forward-looking statements relating to future events and financial operating results of the Masi Group. These statements by their very nature contain an element of riskiness and uncertainty, due to the fact that they depend on events and developments that will take place in the future. The actual results achieved may deviate significantly from those that have been disclosed as a result of a variety of factors.

#### ANNEXES

- Reclassified consolidated profit and loss account
- Reclassified consolidated balance sheet
- Reclassified consolidated cash flow statement
- Report of the audit firm

*Note: the information relating to 2015 and 2014 has been prepared according to accounting principles set out by the Consiglio nazionale dei Dottori Commercialisti ed Esperti Contabili, revised, updated and supplemented by the OIC (Italian Accounting Board) (in particular OIC 30 – "Intermediate financial statements") and, where these are lacking, accounting principles set out by the IASB (in particular IAS 34 – "Intermediate financial statements") as recalled by Consob. The information relating to the 2014 financial year has been subject to a full audit, whereas the information relating to the first half of 2015 has been subject to a limited, rather than full, audit. The information relating to the first half of 2014 has not been subject to an audit. The profit and loss account, the balance sheet and the cash flow statement that are attached have been reclassified according to a format that is normally used by management and investors to evaluate the results of the Group. These reclassified financial statements are not aligned with the standards of presentation required by the reference accounting principles, and must not therefore be seen as substitutes for the latter. Nevertheless, since the content they show is the same, these can easily be reconciled to the financial statements shown in the formats provided for by the reference accounting principles.*

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**RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

<i>(in thousands of euro)</i>	<b>H1-2015</b>	<b>H1-2014</b>	<b>Financial Year 2014</b>
<b>Revenues from the sale of goods and services</b>	<b>27,476</b>	<b>26,232</b>	<b>59,721</b>
<i>Costs for raw, subsidiary and consumable materials and goods</i>	-10,887	-11,492	-24,107
<i>Change in inventory levels of finished goods</i>	1,719	2,305	6,127
<i>Change in inventory levels of raw materials and goods</i>	642	218	-208
Costs for raw materials and goods, net	-8,527	-8,969	-18,188
Costs for services and use of third party assets	-8,658	-9,434	-17,681
Costs for employees	-3,605	-3,553	-6,785
Other operating expenses	-161	-151	-445
Other revenues and proceeds	996	368	1,339
<b>EBITDA</b>	<b>7,522</b>	<b>4,493</b>	<b>17,962</b>
<i>EBITDA Margin</i>	27%	17%	30%
Depreciation, amortisation and write-downs	-2,339	-2,203	-4,348
<b>EBIT</b>	<b>5,183</b>	<b>2,290</b>	<b>13,613</b>
<i>EBIT Margin</i>	19%	9%	23%
Total financial income and expenses	-151	-825	-1,049
Total extraordinary items	-7	0	-218
<b>Profit before taxation</b>	<b>5,025</b>	<b>1,465</b>	<b>12,346</b>
Income tax for the period, current and deferred	-1,905	-609	-4,715
<b>Profit for the period</b>	<b>3,119</b>	<b>856</b>	<b>7,632</b>
Pertaining to third parties	-25	-26	-2
Pertaining to the Group	3,145	882	7,634
<i>% Profit for the period / Revenues</i>	11%	3%	13%



**RECLASSIFIED CONSOLIDATED BALANCE SHEET**

<i>(in thousands of euro)</i>	<b>30.06.2015</b>	<b>31.12.2014</b>	<b>30.06.2014</b>
Intangible fixed assets	17,411	16,964	17,719
Tangible fixed assets	44,278	42,990	42,432
Long term investments	816	812	138
<b>Net fixed assets</b>	<b>62,505</b>	<b>60,767</b>	<b>60,289</b>
Trade receivables	12,027	13,796	11,089
Inventory	35,268	32,808	32,902
Trade payables	-7,173	-7,088	-8,608
<b>Net operating working capital</b>	<b>40,122</b>	<b>39,516</b>	<b>35,383</b>
Other assets	3,469	3,953	4,152
Other liabilities	-3,859	-2,525	-2,613
<b>Net working capital</b>	<b>39,732</b>	<b>40,944</b>	<b>36,923</b>
Provisions for risks and charges	-1,245	-1,136	-988
Employee severance provision	-824	-811	-829
Deferred taxation	-75	-169	-570
<b>Net invested capital</b>	<b>100,094</b>	<b>99,594</b>	<b>94,824</b>
Net financial position	-2,762	18,614	20,919
Consolidated net equity	102,855	80,979	73,906
<b>Total sources of financing</b>	<b>100,094</b>	<b>99,594</b>	<b>94,824</b>

**RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT**

<i>(in thousands of euro)</i>	<b>H1-2015</b>	<b>Financial Year 2014</b>
<b>Net profit</b>	<b>3,119</b>	<b>7,632</b>
Depreciation, amortisation and write-downs of non-current assets	2,162	4,026
Net gains on sale from disposal of fixed assets	(7)	(52)
Other adjustments (taxation, interest expenses, dividends received, provisions made, other non-monetary adjustments etc.)	373	1,651
	<b>5,647</b>	<b>13,257</b>
Changes in net working capital	(331)	(4,340)
<b>Cash flow from operating activities</b>	<b>5,317</b>	<b>8,917</b>
Investments in tangible and intangible fixed assets	(3,940)	(4,234)
Proceeds from the sale of buildings, plant and machinery	7	872
Investments (disinvestments) in long term investments/financial fixed assets	(4)	(670)
<b>Net investments</b>	<b>(3,937)</b>	<b>(4,032)</b>
<b>Free cash flow</b>	<b>1,380</b>	<b>4,886</b>
Other movements in net equity	19,996	(1,251)
<b>Change in net financial position</b>	<b>21,376</b>	<b>3,634</b>
Opening net financial position	(18,614)	(22,249)
Closing net financial position	2,762	(18,614)

Fine Comunicato n.20071-5

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