

# Bit Market Services

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PRESS RELEASE

**MASI AGRICOLA'S BOARD OF DIRECTORS APPROVES THE 2015 CONSOLIDATED RESULTS**

**REVENUE UP, HIGH PROFITABILITY CONFIRMED, IN LINE WITH EXPECTATIONS,  
POSITIVE CASH FLOW GENERATION**

**DIVIDEND DISTRIBUTION PROPOSAL: 9 CENTS PER SHARE**

- **Net revenue 60.9 million euros (59.7 mln euros in 2014, +2%)**
- **EBITDA 16.8 million euros (18 mln euros in 2014, also due to the considerably positive impact of the change in inventories)**
- **EBIT 11.5 million euros (13.6 mln euros in 2014)**
- **Profit for the year 6.2 million euros (7.6 mln euros in 2014)**
- **Net financial position positive to the tune of 3.1 million euros (negative to the tune of 18.6 mln euros at 31 December 2014), also due to the 20 million euro capital increase carried out as part of the listing on AIM Italia**
- **Adjusted net financial position positive to the tune of 5.7 million euros**
- **Proposed dividend for 2015: 9 cents per share, an over 2% yield relative to the price at 29 March 2016.**

*Sant'Ambrogio di Valpolicella, 30 March 2016.* The Board of Directors of Masi Agricola S.p.A., listed on AIM Italia and an Italian leader in premium wines, met today and approved the draft financial statements as well as the consolidated financial statements for the year ended 31 December 2015.

Sandro Boscaini, Chairman of Masi Agricola, said: *«I am satisfied with our results in terms of profitability, which was high and in line with our expectations. We achieved all this in a challenging year, with market areas presenting tough or suboptimal macroeconomic conditions, high producer prices, and strong competition in retail prices for most of the appellations we offer. The 2015 grape harvest was excellent in quality and quantity. Our Company and brands received a significant boost in terms of reputation and visibility in domestic and international trade following the listing on AIM Italia».*

**THE GROUP'S FINANCIAL PERFORMANCE**

*Revenue analysis*

Overall, revenue was up nearly 2%, and the geography that contributed the most to this result was the Americas (+2,182 thousand euros, approximately +10%). In this case, the main drivers were the previously implemented distribution policies (development of the US market) and exchange rates. Also Italy performed strongly (871 thousand euros, +14%), whereas Europe was down approximately 7,5%, mainly because revenue fell in the third quarter of the year and failed to recover in the fourth quarter.

Geographical breakdown of sales (in thousands of euro):

	Year 2015	%	Year 2014	%
Italy	7,078	11.6%	6,207	10.4%
Europe	27,895	45.8%	30,148	50.5%
The Americas	24,378	40.0%	22,196	37.2%
Other	1,522	2.5%	1,170	2.0%
<b>Revenue from sales and services</b>	<b>60,873</b>	<b>100.0%</b>	<b>59,721</b>	<b>100.0%</b>

Please note that revenue would have grown even more if in the fourth quarter of 2015, and especially in December, sales had not underperformed compared to expectations as well as the previous year. Specifically, during the year the Group saw revenue grow at the following rates: a) first quarter: +5%; b) first half: +5%; nine months: +4%; full year: +2%.

Management believes that this trend is attributable to exchange rate fluctuations (especially concerning the Canadian Dollar, which was unfavourable in the fourth quarter) and the fact that some major distributors adopted a procurement policy geared towards destocking ahead of the end of 2015. This was also because of (baseless) rumours about potential future price reductions in the wake of a particularly abundant harvest. The results of the first quarter of 2016, which are outperforming the prior-year period as well as the Company's budget, seem to support this hypothesis.

Comparison of 2014 and 2015 revenue reclassified according to the product's positioning (in millions of euros)<sup>1</sup>:

	Year 2015	%	Year 2014	%
Top Wines	15.42	25.3%	13.73	23.0%
Premium Wines	29.06	47.7%	28.94	48.5%
Classic Wines	15.56	25.6%	16.02	26.8%
Other products	0.83	1.4%	1.03	1.7%

<sup>1</sup> Concerning an approximate retail price-range positioning in Italy: *Top Wines*: wines selling for over 25 euros a bottle; *Premium Wines*: wines selling for 10 to 25 euros a bottle; *Classic Wines*: wines selling for 5 to 10 euros a bottle.

<b>Revenue from sales and services</b>	<b>60.87</b>	<b>100.0%</b>	<b>59.72</b>	<b>100.0%</b>
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In 2015, Top Wines were the fastest-growing segment, up nearly +12%, whereas Premium Wines remained essentially unchanged and Classic Wines dropped by nearly -3%.

As for revenue per unit, overall—for the “wine” product—there was a low single digit reduction, as Top Wines rose and Premium and Classic Wines declined. This improved mix resulted in a higher average selling price.

There were no particular problems concerning customers' solvency and debt collection operations, which were in line with the previous years.

As for seasonality, in the last few years the Group has generated most of its revenue in the second half (for instance, in 2015 this period accounted for nearly 55% of revenue).

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

**EBITDA** totalled 16,833 thousand euros, compared to 17,962 thousand euros in the previous year (with the EBITDA margin down from nearly 30% to about 28%), mainly as a result of:

- a) the decline in *revenue from sales and services less costs for raw materials and consumables, net* (so-called “Gross margin”): please note that in 2014 this item benefited from the considerably positive impact of the change in inventories, whereas the 65% ratio achieved in 2015 is essentially in line with the Group's historical performance before 2014;
- b) 1,094 thousand euro rise in *costs for services and leases*, largely attributable to the greater marketing support in terms of advertising and promotional services. In addition, nearly 300 thousand euros in costs were non-recurring;
- c) 1,529 thousand euro improvement in *other revenue and income*, mainly attributable to items concerning CMO contributions and revenue from distributors for non-sales services (the latter, totalling about 300 thousand euros, was non-recurring).

**EBIT** amounted to 11,463 thousand euros, compared to 13,613 thousand euros in 2014. The decline was also due to higher depreciation, amortisation and impairment losses, which totalled 1,022 thousand euros, compared to the previous year, mainly because of the amortisation of multi-year costs arising from the listing on AIM Italia during the year.

**Finance income and expenses** were negative to the tune of 1,256 thousand euros, compared to (negative) 1,049 thousand euros in 2014. The change derived mainly from exchange differences.

**Extraordinary items:** the extraordinary items for the year 2015 included mainly amounts deriving from the different recognition method for costs referring to other accounting periods.

**Income tax expense** declined from 4,715 thousand euros to 3,383 thousand euros.

The consolidated **profit for the year** was down from 7,632 thousand euros to 6,179 thousand euros.

## FINANCIAL POSITION

The consolidated net financial position at 31 December 2015 amounted to 3,091 thousand euros, compared to (negative) 18,614 thousand euros at 31 December 2014.

At 31 December 2015, “Other assets” under net working capital included 2,608 thousand euros in bonds from primary issuers that the Company bought as a temporary investment of surplus funds: interestingly, if this amount were reclassified to the net financial position, the latter (“adjusted net financial position”) would total 5,699 thousand euros.

The overall cash flows generated during the year (totalling 24,313 thousand euros when considering the adjusted NFP) included approximately 20 million euros—gross of the relevant costs—in financial resources raised by the Company for the Institutional Offering (see “Significant events”).

## SIGNIFICANT EVENTS

### *Production*

The production of wines from raised grapes in early 2015 with the 2014 vintage was particularly limited in quantity, also in light of the limits imposed by the Regional Government of Veneto to ensure a high-quality selection, due to the bad harvest—the result of a particularly tough growing season.

Meanwhile, 2015 was an outstanding crop year in Italy: the climate was quite hot during most of the summer, with temperatures above the seasonal average and virtually no rain. However, this did not meaningfully affect soil temperatures, and the water potential remained robust. As a matter of fact, the mild water stress positively contributed to the build-up of polyphenols and sugars. The final ripening was thus excellent, allowing to harvest healthy and ripe grapes that proved ideal for vinification, with a significant complexity of flavours and quantities substantially exceeding both the 2014 harvest and the average for the last 5 years. Tuscany was an exception, but in 2014 it had a bumper year.

As for the 2015 grape harvest in the Italian regions where the Group's winemaking operations are located, see the following table, with the data in hectolitres (*source: Assoenologi forecasts pending post-harvest final data*):

Region	2010/2014 Average output, ISTAT data	2014 output, ISTAT data	(Rounded) average output expected in 2015	Estimated % delta compared to 5-year average	Estimated % delta compared to 2014
Veneto	8,446,000	8,281,000	9,110,000	+8%	+10%
Friuli V.G.	1,264,000	1,367,000	1,500,000	+19%	+10%
Trentino A.A.	1,175,000	1,029,000	1,180,000	0%	+15%
Tuscany	2,576,000	2,778,000	2,500,000	(3)%	(10)%



After completing the vinification process for fresh-grape wines, it turned out that they met expectations in terms of quality. The white wines were lively and had a strong perfume; the red wines were full-bodied, vibrant in colour, and robust.

The *appassimento* (raisining) process started in mid-September and ended at different times—in late 2015, or in the first quarter of 2016 for amarone wines. For each vinification process, the grapes turned out to be perfectly healthy—further evidence that 2015 was truly an outstanding year for wines from both fresh and raisined grapes.

#### *The listing on AIM Italia*

As for this event, please refer to the press releases issued by the Company on 26 June 2015 and 5 August 2015.

The Company was admitted to trading on AIM Italia after the institutional offering (“Institutional Offering”) reserved for qualified Italian investors and foreign institutional investors. Now that the Institutional Offering is complete, also retail investors can trade in the Company's shares.

#### *Significant awards granted to the Group's products*

Among the several awards granted to the Group's products by the most prestigious international rating authorities in 2015, two in particular stand out:

- Vaio Armaron Serego Alighieri 2008 among the Top Ten wines of 2015 according to *Wine Spectator*: this is the most important annual wine ranking in the world, and for the first time it featured a product from Italy's Northeast—the Amarone Classico that Masi produces in partnership with the Serego Alighieri family, who descend from the poet Dante. A multi-award winning wine, last April it had already received a score of 95/100, and in November it entered the hall of fame of great wines that serve as symbols of their region, with a rich history that dates back to 1353. Once again, Masi was recognised as the symbol and brand that best represents its region, and burnished its credentials as the leading producer of Amarone thanks to its expertise in the *Appassimento* technique;
- Angelorum 2011, Recioto Classico della Valpolicella, was chosen for the Nobel Peace Prize Gala Dinner, held at the Telenor Arena in Oslo on 11 December 2015. It was served with the dessert of the celebratory dinner, which featured over 600 guests, including the Royal Family of Norway as well as politicians, diplomats, and academics from all over the world. The Company was proud to participate in this international event that also celebrated Svetlana Alexievich, the winner of the 2015 Nobel Prize in Literature as well as the 2014 Masi Prize.

#### **SUBSEQUENT EVENTS**

In January 2016, the Company hosted a workshop in Venice for the top management of its distribution partners in the world's major markets: The purpose of the workshop was introducing the new “Modello” concept: it derives from the historic “Modello delle Venezie”, which is already part of Masi's portfolio. A “change of skin” that concerned not only the logo, but also the restyling of the label. In short, this product line is now becoming an actual brand: Masi has already turned “Modello” into a stand-alone brand, consistently with the Company's strategic vision, which has always been geared towards innovating by developing individual brands—such as Costasera (the “flagship Amarone”) or the fifty-year-old Campofiorin—to compete through an increasingly careful portfolio segmentation.



On 18 March 2016, the wine shop at Tenuta Canova in Lazise (province of Verona) was enriched with a “Vino & Cucina” space, allowing customers to taste the Group's wines with food pairings that are simple, authentic, and local. The Group also offers guided tours of this production site, which consists of a vineyard, a drying house, and a cellar, as part of the *Masi Wine Experience* strategic project. The goal is establishing an increasingly direct relationship with end consumers. The Masi Group directly operates Tenuta Canova through the subsidiary Terre e Vigne S.r.l.. The place is located in one of Italy's most popular areas with tourists, i.e. the Lake Garda, which attracts especially visitors from Central and Northern Europe and draws millions of people every year.



## OTHER INFORMATION

As for transactions with related parties, including intragroup transactions, they did not qualify as neither atypical nor unusual, but were rather part of the Group's ordinary course of business. They were conducted at arm's length, accounting for the characteristics of the goods and services rendered.





The consolidated financial statements at 31 December 2015 and Masi Agricola S.p.A.'s 2015 financial statements include detailed information on the impact of the transactions or positions with related parties on the Group's financial position and financial performance.

## **CONVENING OF THE ORDINARY GENERAL MEETING AND RELATIONS WITH SHAREHOLDERS**

Today, the Board of Directors convened the Ordinary General Meeting on 28 April 2016 at 11:00 am, at the Foresteria delle Possessioni of Serego Alighieri, Via Giare no. 277, 37015 S. Ambrogio di Valpolicella (province of Verona) – Hamlet of Gargagnano, at first call, and 29 April 2016, at the same place and time, at second call.

Concerning the approval of the Financial Statements at 31 December 2015, the Board of Directors will propose to the Meeting to distribute a dividend per share, gross of withholding tax, of about 0.09 euro per share (for a total of 2,893,604.04 euros, i.e. approximately 51% of the profit for the year as reported in the Parent Company's financial statements for the year ended 31 December 2015), with ex-date on 23 May 2016 (record date on 24 May 2016), and payment date on 25 May 2016.

At the Meeting, the Company is going to introduce its “*Masi Investor Club*” project, which will grant shareholders special access to *Masi Wine Experience* offerings.

The notice of the Ordinary General Meeting will be published in accordance with the law and the articles of association, as well as on the website [www.masi.it](http://www.masi.it), under Investors/Corporate Governance/Meetings (in the area dedicated to the Meeting concerned)

## **AVAILABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

The consolidated financial statements and the draft financial statements for the year ended 31 December 2015 will be made available to the public in accordance with the law at the Company's registered office, at the office of Borsa Italiana S.p.A., and on the website [www.masi.it](http://www.masi.it), under Investors/Financial Statements.

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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..

#### ANNEXES

- Reclassified consolidated income statement
- Reclassified consolidated statement of financial position
- Reclassified consolidated statement of cash flows

*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 as recalled by Consob. The information has been subject to a full 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 INCOME STATEMENT

<i>(thousands of euros)</i>	Year 2015	Year 2014
<b>Revenue from sales and services</b>	<b>60,873</b>	<b>59,721</b>
<i>Costs for raw materials and consumables</i>	<i>(18,595)</i>	<i>(24,107)</i>
<i>Change in inventories of work in progress and finished goods.</i>	<i>(2,936)</i>	<i>6,127</i>
<i>Change in inventories of raw materials and consumables</i>	<i>386</i>	<i>(208)</i>
Costs for raw materials and consumables, net	<b>(21,145)</b>	<b>(18,188)</b>
<b>Gross margin</b>	<b>39,728</b>	<b>41,533</b>
<i>% Gross margin</i>	<i>65%</i>	<i>70%</i>
Costs for services and leases	(18,775)	(17,681)
Personnel costs	(6,547)	(6,785)
Sundry operating costs	(441)	(445)
Other revenue and income	2,868	1,339
<b>EBITDA (*)</b>	<b>16,833</b>	<b>17,962</b>
<i>EBITDA Margin (**)</i>	<i>28%</i>	<i>30%</i>
Depreciation, amortisation and impairment losses	(5,370)	(4,348)
<b>EBIT (***)</b>	<b>11,463</b>	<b>13,613</b>
<i>EBIT Margin (****)</i>	<i>19%</i>	<i>23%</i>
Total finance income and expenses	(1,256)	(1,049)
Total extraordinary items	(645)	(218)
<b>Profit (loss) before tax</b>	<b>9,562</b>	<b>12,346</b>
Income tax expense for the year, current and deferred	(3,383)	(4,715)
<b>Profit (loss) for the year</b>	<b>6,179</b>	<b>7,632</b>
Attributable to non-controlling interests	(16)	(2)
Attributable to owners of the Parent	6,195	7,634
<i>Profit for the year / Revenue %</i>	<i>10%</i>	<i>13%</i>

(\*) 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 the choices concerning 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.

(\*\*\*) EBIT means earnings before interest, extraordinary items, and taxes. EBIT therefore represents operating profit or loss before the interest paid on debt or equity financing. This is the indicator that management uses to monitor and assess the Company's financial performance. Since EBIT 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 EBIT, the Company's calculation of this measure may not be consistent with that of other entities, and therefore not comparable.

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

**RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(thousands of euros)</i>	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Delta</b>
Intangible assets	18,495	16,964	1,531
Property, plant and equipment	44,812	42,990	1,822
Financial assets	810	812	(2)
<b>Net non-current assets</b>	<b>64,117</b>	<b>60,766</b>	<b>3,351</b>
Trade accounts receivable	13,517	13,796	(279)
Inventories	31,199	32,808	(1,609)
Trade accounts payable	(8,899)	(7,088)	(1,811)
<b>Net operating working capital</b>	<b>35,817</b>	<b>39,516</b>	<b>(3,699)</b>
Other assets	6,354	3,953	2,401
Other liabilities	(2,435)	(2,525)	90
<b>Net working capital</b>	<b>39,736</b>	<b>40,944</b>	<b>(1,208)</b>
Provision for risks and charges	(1,055)	(1,136)	81
Post-employment benefits	(764)	(811)	47
Deferred tax assets/(liabilities)	30	(170)	200
<b>Net invested capital</b>	<b>102,064</b>	<b>99,593</b>	<b>2,471</b>
Net financial position	(3,091)	18,614	(21,705)
Consolidated equity	105,155	80,979	24,176
<b>Total financing</b>	<b>102,064</b>	<b>99,593</b>	<b>2,471</b>

**RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>(in thousands of euro)</i>	<b>Financial Year 2015</b>	<b>Financial Year 2014</b>
<b>Net profit</b>	<b>6.179</b>	<b>7.632</b>
Depreciation, amortisation and write-downs of non-current assets	4.911	4.026
Net gains on sale from disposal of fixed assets	0	(52)
Other adjustments (taxation, interest expenses, dividends received, provisions made, other non-monetary adjustments etc.)	(1.076)	1.651
	<b>10.014</b>	<b>13.257</b>
Changes in net working capital	1.208	(4.340)
<b>Cash flow from operating activities</b>	<b>11.222</b>	<b>8.917</b>
<b>Net investments</b>	<b>(8.262)</b>	<b>(4.032)</b>
<b>Free cash flow</b>	<b>2.960</b>	<b>4.886</b>
Capital increases	19.996	0
Other movements in net equity	(1.251)	(1.251)
<b>Change in net financial position</b>	<b>21.705</b>	<b>3.634</b>
Opening net financial position	(18.614)	(22.249)
Closing net financial position	3.091	(18.614)

Fine Comunicato n.20071-6

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