

ANDREW PELLER LIMITED REPORTS STRONG RESULTS IN THIRD QUARTER OF FISCAL 2016

This news release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained elsewhere in this news release.

GRIMSBY, Ontario – February 10, 2016 – Andrew Peller Limited ADW.A/ADW.B (“APL” or the “Company”) announced strong growth and increased net earnings for the three and nine months ended December 31, 2015.

NINE MONTH FISCAL 2016 HIGHLIGHTS:

- Sales up 5.3% on strong third quarter, solid organic growth and successful launch of new products;
- Gross margin strengthens on revenue increase and cost savings;
- EBITA up 22.1% on revenue growth and improved profitability;
- Net earnings of \$20.9 million or \$1.50 per Class A share; and
- Company named “*Canadian Wine Producer of the Year*” in December by the International Wine and Spirit Competition.

“Our strong market presence and well established trade channels resulted in another period of strong growth and solid performance in the third quarter of fiscal 2016,” commented John Peller, President & Chief Executive Officer, Andrew Peller Limited. “We were very proud to be awarded Canadian Wine Producer of the Year in December, a testament to the dedication and skill of our winemaking teams and the quality of our products.”

Sales for the three and nine months ended December 31, 2015 rose 8.4% and 5.3%, respectively, to \$91.8 million and \$260.1 million compared to the same periods last year. The increase in revenues was due to strong organic growth driven by distribution expansion, as well as the introduction of new products and categories over the prior twelve months. The third quarter in each fiscal year is typically the strongest due to increased consumer purchasing of the Company’s products during the holiday season.

Gross margin as a percentage of sales for the three months ended December 31, 2015 was 36.3% compared to 36.8% last year. For the first nine months of fiscal 2016 gross margin increased to 37.6% from 36.6% in the prior year. Gross margin in fiscal 2016 has benefited from the positive impact of the Company’s cost control initiatives to improve productivity and raw material cost savings, which has largely offset the negative impact of the weak Canadian dollar compared to the prior year.

Selling and administrative expenses in fiscal 2016 were slightly higher than the prior year, however, as a percentage of sales, selling and administrative expenses improved to 23.3% of revenues for the first nine months of fiscal 2016 from 24.2% of revenues in the prior year. The Company is focused on ensuring selling and administrative expenses are tightly controlled, however it expects selling expenses will increase through the balance of the year and in fiscal 2017 to support the launch of new products and the start-up of the new Wayne Gretzky Estate Winery and Craft Distillery.

Earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes (“EBITA”) were \$12.4 million and \$37.3 million for the three and nine months ended December 31, 2015, up 12.9% and 22.1% from the same respective periods of fiscal 2015. The increase in EBITA is the result of the higher sales and increased gross margins in the current year. Interest expense decreased for the three and nine months ended December 31, 2015 compared to the same prior year periods due to lower interest rates and lower debt levels.

The Company recorded a net unrealized non-cash gain in fiscal 2016 and fiscal 2015 related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts. The Company has elected not to apply hedge accounting and accordingly the change in fair value of these financial instruments is reflected in the Company’s statement of earnings each reporting period. These instruments are considered to be effective economic hedges and have enabled management to mitigate the volatility of changing foreign exchange and interest rates during the year.

Adjusted earnings, defined as net earnings not including net unrealized gains and losses on derivative financial instruments, and other (income) expenses, were \$6.8 million and \$20.1 million for the three and nine months

ended December 31, 2015, respectively, compared to \$5.7 million and \$14.5 million in the same prior year periods.

Net earnings rose for the three and nine months ended December 31, 2015 to \$7.1 million or \$0.51 per Class A Share and \$20.9 million or \$1.50 per Class A share, respectively, compared to \$5.7 million or \$0.41 per Class A Share and \$14.7 million or \$1.06 per Class A share in the third quarter and first nine months of fiscal 2015.

Strong Financial Position

Working capital at December 31, 2015 increased to \$82.2 million compared to \$69.0 million at March 31, 2015. Overall bank debt declined to \$83.4 million as at December 31, 2015 compared to \$89.0 million at March 31, 2015 due to the improved earnings performance and working capital management, and scheduled long-term debt repayments. As a result, the Company's debt to equity ratio strengthened to 0.51:1 at December 31, 2015 compared to 0.60:1 at March 31, 2015. Shareholders' equity as at December 31, 2015 was \$163.7 million or \$11.45 per common share, up from \$147.4 million or \$10.31 per common share as at March 31, 2015. The increase in shareholders' equity is due to the strong net earnings partially offset by the payment of dividends.

The Company generated cash from operating activities in the first nine months of fiscal 2016, after changes in non-cash working capital items, of \$16.7 million compared to \$17.6 million in the same prior year period. Higher earnings were partially offset by an increase in inventories and accounts receivable and a decrease in accounts payable and accrued liabilities due to the timing of inventory receipts and payments compared to March 31, 2015.

On August 7, 2015, the Company amended its debt facilities to extend the maturity date to July 31, 2020 and reduce the floating interest rate in relation to the one to six-month Canadian Dealer Offered Rate (CDOR) to CDOR plus an applicable margin based on the Company's leverage. For the nine months ended December 31, 2015, the applicable margin was 1.40%. On May 14, 2014, the Company entered into an interest rate swap to fix the interest rate on the amount outstanding on the term loan until April 29, 2019. On December 2, 2015, the Company entered into an interest rate swap with an effective date of April 30, 2019 and a termination date of July 31, 2020 to fix the interest rate on the term loan until maturity.

The Company is consulting with the Premier's Advisory Council established by the Government of Ontario regarding future changes to the distribution of beverage alcohol in the Province of Ontario. While no significant decisions relating to wine have been announced, the impact of any changes remains uncertain until details are known and they are implemented.

Increase in Common Share Dividends

On June 3, 2015 the Company's Board of Directors announced a 7.1% increase in common share dividends for shareholders of record on June 30, 2015 payable on July 10, 2015. The annual dividend on Class A Shares was increased to \$0.450 per share from \$0.420 per share, and the annual dividend on Class B Shares was increased to \$0.391 per share from \$0.365 per share. This was the Company's seventh dividend increase in the last nine years. The Company has consistently paid common share dividends since 1979. APL currently designates all dividends paid as "eligible dividends" for purposes of the *Income Tax Act* (Canada), unless indicated otherwise.

Wayne Gretzky Estate Winery and Craft Distillery

On September 4, 2015 the Company announced that it had filed planning documents for the development of the new Wayne Gretzky Estate Winery and Craft Distillery in Niagara-on-the-Lake, Ontario. Located on land adjacent to the Company's Trius Winery, the proposed 15,000 square foot facility will include a winery, craft distillery, barrel aging cellars, tasting rooms, retail and hospitality facilities, all surrounded by landscaping and vineyards. The Company established its strategic alliance with the Wayne Gretzky Estate Winery in 2011, and has generated significant growth in their brands to where their wines are now among the top-ten best sellers across Canada. The new winery and distillery is expected to open in the spring of 2017 and will add to the significant investments the Company has made in its Peller Estates, Trius, Thirty Bench, Sandhill and Red Rooster estate wineries.

Canadian Wine Producer of the Year

On December 3, 2015 the Company announced that it had been awarded "Canadian Wine Producer of the Year" by the International Wine and Spirit Competition ("IWSC"). Established in 1969, the IWSC was the first competition to seek out the best wines, spirits and liqueurs from around the globe. Now one of the world's

foremost wine competitions, the IWSC's panel of carefully selected industry experts comprised of Masters of Wine, wine buyers, sommeliers, qualified wine educators and respected wine journalists judges wines from more than 90 countries in a rigorous seven-month process that includes a double-blind tasting as well as chemical and microbiological analysis. An IWSC award is recognized internationally as a badge of excellence and quality.

Financial Highlights (Unaudited)

(Condensed consolidated financial statements to follow)

For the three and nine months ended December 31, (in \$000)	Three Months		Nine months	
	2015	2014 ¹	2015	2014 ¹
Sales	91,775	\$84,630	260,093	246,906
Gross margin	33,277	31,152	97,804	90,293
Gross margin (% of sales)	36.3%	36.8%	37.6%	36.6%
Selling and administrative expenses	20,832	20,128	60,502	59,744
EBITA	12,445	11,024	37,302	30,549
Net unrealized (gains) losses on derivative financial instruments	(525)	50	(921)	(50)
Other (income) expenses	68	(72)	(61)	(186)
Adjusted net earnings	6,807	5,666	20,131	14,539
Net earnings	7,146	5,682	20,858	14,714
Earnings per share – Class A	\$0.51	\$0.41	\$1.50	\$1.06
Earnings per share – Class B	\$0.45	\$0.36	\$1.30	\$0.92
Dividend per share – Class A (annual)			\$0.450	\$0.420
Dividend per share – Class B (annual)			\$0.391	\$0.365
Cash provided by operations (after changes in non-cash working capital items)			16,721	17,587
Working capital			82,240	71,786
Shareholders' equity per share			\$11.45	10.36

1. Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

The Company calculates adjusted net earnings as follows:

For the three and nine months ended December 31, (in \$000)	Three Months		Nine months	
	2015	2014 ¹	2015	2014 ¹
Net earnings	\$ 7,146	\$ 5,682	\$ 20,858	\$ 14,714
Net unrealized (gains) losses on derivative financial instruments	(525)	50	(921)	(50)
Other (income) expenses	68	(72)	(61)	(186)
Income tax effect of the above	118	6	255	61
Adjusted earnings	\$ 6,807	\$ 5,666	\$ 20,131	\$ 14,539

1. Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

About Andrew Peller Limited

Andrew Peller Limited is a leading producer and marketer of quality wines in Canada. With wineries in British Columbia, Ontario, and Nova Scotia, the Company markets wines produced from grapes grown in Ontario's Niagara Peninsula, British Columbia's Okanagan and Similkameen Valleys, and from vineyards around the world. The Company's award-winning premium and ultra-premium VQA brands include *Peller Estates*, *Trius*, *Hillebrand*, *Thirty Bench*, *Crush*, *Wayne Gretzky*, *Sandhill*, *Calona Vineyards Artist Series*, and *Red Rooster*. Complementing these premium brands are a number of popularly priced varietal brands including *Peller Estates French Cross* in the East, *Peller Estates Proprietors Reserve* in the West, *Copper Moon*, *XOXO*, *skinnygrape*, *Black Cellar* and *Verano*. *Hochtaler*, *Domaine D'Or*, *Schloss Laderheim*, *Royal*, and *Sommet* are our key value priced brands. The Company produces wine based liqueurs and cocktails under the brand *Panama Jack* and wine based spritzers under the *skinnygrape* brand. The Company imports wines from major wine regions around the world to blend with domestic

wine to craft these popularly priced and value priced brands. 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., the recognized leader in personal winemaking products. Global Vintners distributes products through over 170 Winexpert authorized retailers and more than 600 independent retailers across Canada, the United States, the United Kingdom, New Zealand, Australia, and China. Global Vintners award-winning premium and ultra-premium winemaking brands include *Selection*, *Vintners Reserve*, *Island Mist*, *KenRidge*, *Cheeky Monkey*, *Ultimate Estate Reserve*, *Traditional Vintage*, and *Cellar Craft*. The Company owns and operates over 100 well-positioned independent retail locations in Ontario under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names. The Company also owns Andrew Peller Import Agency and The Small Winemaker's Collection Inc.; both of these wine agencies are importers of premium wines from around the world and are marketing agents for these fine wines. The Company's products are sold predominantly in Canada with a focus on export sales for its icewine and 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). EBITA is not a recognized measure under IFRS. Management believes that EBITA is a useful supplemental measure to net earnings, as it provides readers with an indication of cash available for investment prior to debt service, capital expenditures, and income taxes. Readers are cautioned that EBITA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator 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 as defined above. The Company's method of calculating 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 provision" of the Securities Act (Ontario) with respect to Andrew Peller Limited and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's recent acquisitions; its launch of new premium wines; 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", and "could" 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 prices; its ability to obtain grapes, imported wine, glass, and its ability to obtain other raw materials; fluctuations in the U.S./Canadian dollar exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian wine market; market trends; reliance on key personnel; protection of its intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising, and labeling its products; the regulation of liquor distribution and retailing in Ontario; 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 "Risk Factors" 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.

For more information, please contact:

Mr. Brian Athaide, CFO and EVP Human Resources

(905) 643-4131 Ext. 2210 - E-mail: brian.athaide@andrewpeller.com

ANDREW PELLER LIMITED

Condensed Consolidated Balance Sheets

Unaudited

These financial statements have not been reviewed by our auditors

	December 31 2015	March 31 2015 Restated ⁽¹⁾	April 1 2014 Restated ⁽¹⁾
(in thousands of Canadian dollars)	\$	\$	\$
Assets			
Current Assets			
Accounts receivable	29,918	25,616	22,693
Inventory	122,719	117,812	120,751
Biological assets	-	1,129	1,062
Prepaid expenses and other assets	2,568	2,207	1,381
Income taxes recoverable	-	-	240
	155,205	146,764	146,127
Property, plant, and equipment	104,956	104,951	104,945
Intangibles	11,412	12,331	13,209
Goodwill	37,473	37,473	37,473
	309,046	301,519	301,754
Liabilities			
Current Liabilities			
Bank indebtedness	30,060	32,522	54,407
Accounts payable and accrued liabilities	32,680	36,712	37,371
Dividends payable	1,564	1,460	1,391
Income taxes payable	3,893	1,902	-
Current portion of derivative financial instruments	652	992	1,002
Current portion of long-term debt	4,116	4,194	7,392
	72,965	77,782	101,563
Long-term debt	49,265	52,269	38,328
Long-term derivative financial instruments	1,358	1,447	268
Post-employment benefit obligations	5,328	6,165	6,132
Deferred income	202	506	910
Deferred income taxes	16,203	15,975	16,003
	145,321	154,144	163,204
Shareholders' Equity			
Capital stock	7,026	7,026	7,026
Retained earnings	156,699	140,349	131,524
	163,725	147,375	138,550
	309,046	301,519	301,754

(1) Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

The above statements should be read in conjunction with the entire interim consolidated financial statements and notes.

They will be available on the Investor Relations section of www.andrewpeller.com and at www.sedar.com.

ANDREW PELLER LIMITED

Condensed Consolidated Statements of Earnings

Unaudited

These financial statements have not been reviewed by our auditors

	For the three months ended	For the three months ended	For the nine months ended	For the nine months ended
	December 31, 2015	December 31, 2014 Restated ⁽¹⁾	December 31, 2015	December 31, 2014 Restated ⁽¹⁾
(in thousands of Canadian dollars)	\$	\$	\$	\$
Sales	91,775	84,630	260,093	246,906
Cost of goods sold (note 4)	58,498	53,478	162,289	156,613
Amortization of plant and equipment used in production	1,506	1,468	4,525	4,359
Gross profit	31,771	29,684	93,279	85,934
Selling and administration (note 4)	20,832	20,128	60,502	59,744
Amortization of plant, equipment, and intangibles used in selling and administration	893	815	2,627	2,442
Interest	771	1,166	2,789	3,722
Operating earnings	9,275	7,575	27,361	20,026
Net unrealized (gains) losses on derivative financial instruments	(525)	50	(921)	(50)
Other expenses (income)	68	(72)	(61)	(186)
Earnings before income taxes	9,732	7,597	28,343	20,262
Provision for (recovery of) income taxes				
Current	2,345	1,964	7,322	5,035
Deferred	241	(49)	163	513
	2,586	1,915	7,485	5,548
Net earnings for the period	7,146	5,682	20,858	14,714
Net earnings per share				
Basic and diluted				
Class A shares	0.51	0.41	1.50	1.06
Class B shares	0.45	0.36	1.30	0.92

(1) Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

The above statements should be read in conjunction with the entire interim consolidated financial statements and notes. They will be available on the Investor Relations section of www.andrewpeller.com and at www.sedar.com.

ANDREW PELLER LIMITED

Condensed Consolidated Statements of Comprehensive Income

Unaudited	For the three	For the three	For the nine months	For the nine months
These financial statements have not been reviewed by our auditors	months ended	months ended	ended	ended
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		Restated ⁽¹⁾		Restated ⁽¹⁾
(in thousands of Canadian dollars)	\$	\$	\$	\$
Net earnings for the period	7,146	5,682	20,858	14,714
Items that are never reclassified to net earnings				
Net actuarial (losses) gains on post-employment benefit plans	(447)	(89)	249	(1,033)
Deferred income tax recovery (provision)	116	23	(65)	268
Other comprehensive (loss) income for the period	(331)	(66)	184	(765)
Net comprehensive income for the period	6,815	5,616	21,042	13,949

(1) Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

The above statements should be read in conjunction with the entire interim consolidated financial statements and notes. They will be available on the Investor Relations section of www.andrewpeller.com and at www.sedar.com.

ANDREW PELLER LIMITED

Condensed Consolidated Statements of Cash Flows

Unaudited

These financial statements have not been reviewed by our auditors

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2014 Restated ⁽¹⁾
(in thousands of Canadian dollars)	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings for the period	20,858	14,714
Adjustments for:		
Loss on disposal of property and equipment	465	284
Amortization of plant, equipment, and intangible assets	7,152	6,801
Interest expense	2,789	3,722
Provision for income taxes	7,485	5,548
Post-employment benefits	(588)	(602)
Deferred income	(304)	(304)
Net unrealized gains on derivative financial instruments	(921)	(50)
Interest paid	(2,785)	(3,548)
Income taxes paid	(5,331)	(2,479)
	<u>28,820</u>	<u>24,086</u>
Changes in non-cash working capital items related to operations (note 5)	<u>(12,099)</u>	<u>(6,499)</u>
	<u>16,721</u>	<u>17,587</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	20	11
Purchase of property, plant and equipment	(6,517)	(4,408)
Purchase of intangibles	-	(369)
	<u>(6,497)</u>	<u>(4,766)</u>
Financing activities		
Decrease in bank indebtedness	(2,462)	(20,163)
Issuance of long-term debt	-	15,020
Repayment of long-term debt	(3,078)	(2,750)
Deferred financing costs	(96)	(617)
Dividends paid	(4,588)	(4,311)
	<u>(10,224)</u>	<u>(12,821)</u>
Increase (decrease) in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	<u>-</u>	<u>-</u>

(1) Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

The above statements should be read in conjunction with the entire interim consolidated financial statements and notes. They will be available on the Investor Relations section of www.andrewpeller.com and at www.sedar.com.