ANDREW PELLER LIMITED REPORTS STRONG GROWTH IN THIRD QUARTER FISCAL 2018

ACQUISITION OF THREE ESTATE WINERIES MAKES SIGNIFICANT CONTRIBUTION

GRIMSBY, Ontario – February 7, 2018 – Andrew Peller Limited ADW.A/ADW.B ("APL" or the "Company") announced strong growth and operating performance for the three and nine months ended December 31, 2017. In early October 2017 the Company completed the acquisition of 100% of three estate wineries located in British Columbia's Okanagan Valley – Gray Monk Cellars, Tinhorn Creek Vineyards, and Black Hills Estate Winery – for consideration of $96.6 million.

HIGHLIGHTS:

- Third quarter sales up 10.1% on contribution from acquisitions, including strong 4.8% organic growth.
- Acquisitions contribute sales of $5.0 million in third quarter.
- Gross margin strengthens 3.4% on revenue increase and cost efficiencies through first nine months of year.
- Net earnings of $31.8 million or $0.76 per Class A share through first nine months of year.
- Adjusted EBITA up 27.5% year-to-date.
- 10.3% increase in common share dividends effective June 30, 2017.
- Focus on higher-margin premium products continues to drive strong performance.

"We are very pleased with our growth and strong operating performance in the third quarter, driven by the contribution from our recent acquisitions, and continuing solid performance across the majority of our brands and established trade channels," commented John Peller, Chief Executive Officer. "Looking ahead, we expect 2018 will be another record year for the Company."

"Our ongoing strategies to build sales of our premium and ultra-premium brands are proving highly effective in driving improved margins and increased overall profitability," added Randy Powell, President. "We also continue to make real progress in bringing our new estate wineries into the Andrew Peller family, and look for accelerated growth and financial performance as we implement our proven marketing and operating programs."

Strong Operating and Financial Performance

Sales for the three months ended December 31, 2017 rose 10.1% to $103.6 million from $94.0 million in the third quarter of fiscal 2018. The significant increase in sales is due to selective price increases, the introduction of new products and new product categories, and the contribution from the acquisition of three estate wineries in early October 2017. The acquisitions contributed $5.0 million in sales in the third quarter of fiscal 2018. Not including the contribution from the acquisitions, the Company generated very strong 4.8% organic growth across the majority of the Company's products and trade channels. For the first nine months of fiscal 2018 sales rose to $284.1 million, up 5.1% from $270.3 million last year, driven by the contribution from acquisitions and solid 3.2% organic growth. The third quarter of the Company's fiscal year is historically the strongest due to increased consumer purchasing of the Company's products during the holiday season.

Gross margin as a percentage of sales continued to strengthen in fiscal 2018, rising to 41.7% for the three months ended December 31, 2017 from 37.3% in the third quarter of the prior year. For the nine months ended December 31, 2017 gross margin rose to 41.4% of sales from 38.0% of sales in the comparable prior year period. Gross margin in fiscal 2018 is benefiting from selective pricing increases, the discontinuation of lower performing products, increased focus on higher margin products and the positive impact of the Company's cost control initiatives. On acquisition, the Company recorded an increase of $10.4 million to finished goods inventory to represent the fair value of the goods acquired from the new wineries. During the third quarter of fiscal 2018, the Company recorded a charge of $1.9 million to cost of goods sold to reduce gross margin as a result of this adjustment. The remaining $8.5 million fair value adjustment will be released to cost of goods sold over the coming quarters as the finished goods acquired are sold.

Selling and administrative expenses have increased in fiscal 2018 compared to the prior year due to the addition of three estate wineries acquired in October 2017, as well as increased costs related to the opening of the new Wayne Gretzky Estate Winery and Craft Distillery and increased marketing activities and support for new launches across the Company's product portfolio. Fiscal 2018 included $1.0 million in one-time professional fees related to the acquisition of three estate wineries completed in early October 2017. In fiscal 2017, selling and administrative expenses included $1.1 million for professional services fees related to a strategic acquisition that was not completed and $1.3 million in post-retirement benefits for certain employees retiring during the year. The Company also continues to increase its investment in its sales and marketing programs, while remaining focused on ensuring a strong return on these investments.

Earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other income or expenses, and income taxes ("EBITA") were $17.8 million for the three months ended December 31, 2017 compared to $11.9 million in the third quarter of fiscal 2017. For the nine months ended December 31, 2017, EBITA was $48.6 million, up from $39.3 million last year. The three acquisitions contributed $1.2 million in EBITA in the third quarter of fiscal 2018. The remaining increase is primarily due to the increase in sales and gross margin in fiscal 2018, partially offset by the increase in selling and administrative expenses in the current year. Not including $1.0 million in transaction and transition fees ($0.5 million in the third quarter of fiscal 2018) and the $1.9 million increase to cost of goods sold related to the acquisitions completed in October 2017, Adjusted EBITA was $20.2 million and $51.5 million for the three and nine months ended December 31, 2017, respectively.

Interest expense increased through the first nine months of fiscal 2018 compared to the prior year due primarily to long-term debt incurred to complete the three acquisitions in October 2017, and the write-off of $0.4 million in unamortized deferred financing fees related to the prior banking agreement that was amended and restated on September 29, 2017.

The Company recorded net unrealized non-cash gains in fiscal 2018 and fiscal 2017 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.

Other income in the third quarter of fiscal 2018 includes a one-time gain of $4.2 million related to the acquisitions completed in October 2017.

Adjusted earnings, defined as net earnings not including net unrealized gains and losses on derivative financial instruments, other income or expenses, non-recurring, non-operating gains or losses, and the related income tax effect, were $12.4 million for the three months ended December 31, 2017 compared to $7.7 million in the same period last year. For the nine months ended December 31, 2017 adjusted earnings were $30.2 million compared to $23.7 million last year.

Net earnings for the three and nine months ended December 31, 2017 were $14.4 million or $0.33 per Class A Share and $31.8 million or $0.76 per Class A share, respectively, compared to $8.1 million or $0.20 per Class A Share and $24.3 million or $0.59 per Class A share, respectively, in the same periods last year.

Strong Financial Position

The majority of changes to the Company's balance sheet as at December 31, 2017 compared to March 31, 2017 relate primarily to the acquisition of three estate wineries completed in early October 2017.

Overall bank debt increased to $167.1 million at December 31, 2017 compared to $87.7 million at March 31, 2017, due primarily to $79.0 million drawn on the Company's credit facility related to the above-mentioned estate winery acquisitions. The increase in bank debt has been partially offset by the strong earnings in fiscal 2018, the positive impact of working capital management, and regularly scheduled debt repayments. With the increase in debt, the Company's debt to equity ratio increased to 0.75:1 at December 31, 2017 compared to 0.49:1 at March 31, 2017. At December 31, 2017, the Company had unutilized debt capacity in the amount of $49.0 million on its operating facility and $93.1 million on its investment facility.

Shareholders' equity as at December 31, 2017 increased to $222.0 million or $5.03 per common share, up from $177.3 million or $4.16 per common share at March 31, 2017. The increase in shareholders' equity is due to the issuance of Class A Shares to fund a portion of the purchase price for one of the acquired wineries and strong net earnings partially offset by the payment of dividends and net actuarial losses on post-employment benefit plans.

For the nine months ended December 31, 2017, the Company generated cash from operating activities, after changes in non-cash working capital items, of $18.5 million compared to $14.0 million in the prior year. Investing activities increased to $111.0 million in the first nine months of fiscal 2018 compared to $16.2 million in the prior year. The increase in fiscal 2018 includes $96.6 million related to the acquisition of the three estate wineries in October 2017. The remaining investing activities related to capital expenditures to improve operations, as well as costs incurred related to the completion of the new Wayne Gretzky Estate Winery and Craft Distillery, which officially opened on June 7, 2017.

Financial Highlights (Unaudited)

(Financial Statements and the Company's Management Discussion and Analysis for the period can be obtained on the Company's web site at www.andrewpeller.com)

For the three and nine months ended December 31,	**Three Months**		**Nine Months**	
(in $000)	**2017**	2016[(1)]	**2017**	2016[(1)]
Sales	**103,583**	94,048	**284,080**	270,311
Gross margin	**43,217**	35,042	**117,514**	102,829
Gross margin (% of sales)	**41.7%**	37.3%	**41.4%**	38.0%
Selling and administrative expenses	**25,384**	23,156	**68,933**	63,557
Interest	**1,656**	702	**3,596**	2,265
EBITA	**17,833**	11,886	**48,581**	39,272
Adjusted EBITA	**20,175**	12,167	**51,485**	40,381
Net unrealized gains on derivative financial instruments	**(216)**	(868)	**(567)**	(2,043)
Other (income) expenses	**(4,092)**	52	**(3,877)**	135
Adjusted earnings	**12,402**	7,741	**30,207**	23,749
Net earnings	**14,391**	8,137	**31,808**	24,340
Earnings per share – Class A	**$0.33**	$0.20	**$0.76**	$0.59
Earnings per share – Class B	**$0.29**	$0.17	**$0.66**	$0.51
Dividend per share – Class A (annual)			**$0.180**	$0.163
Dividend per share – Class B (annual)			**$0.157**	$0.142
Cash provided by operations (after changes in non-cash working capital items)			**18,510**	13,957
Shareholders' equity per share			**$5.03**	$4.16

(1) Adjusted EBITA and adjusted earnings have been restated to conform with current year's presentation

About Andrew Peller Limited

Andrew Peller Limited is one of Canada's leading producers and marketers of quality wines and craft spirits. The Company's award-winning premium and ultra-premium Vintners' Quality Alliance ("VQA") brands include *Peller Estates, Trius, Thirty Bench, Wayne Gretzky, Sandhill, Red Rooster, Black Hills Estate, Tinhorn Creek, Gray Monk Estates*, *Raven Conspiracy* and *Conviction*. Complementing these premium brands are a number of popularly priced varietal offerings, wine based liqueurs, craft ciders and craft spirits. The Company owns and operates 101 well-positioned independent retail locations in Ontario under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names. The Company also operates Andrew Peller Import Agency and The Small Winemaker's Collection Inc., importers and marketing agents of premium wines from around the world. 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. ("GVI"), the recognized leader in 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) and Adjusted EBITA (defined as EBITA before non-recurring expenses such as acquisition transaction and transition costs) to measure its financial performance. EBITA and Adjusted EBITA are not recognized measures under IFRS. Management believes that EBITA and Adjusted EBITA are useful supplemental measures to net earnings, as these measures provide readers with an indication of earnings available for investment prior to debt service, capital expenditures, and income taxes, as well as provide an indication of recurring earnings compared to prior periods. Readers are cautioned that EBITA and Adjusted EBITA should not be construed as an alternative to net earnings determined in accordance with IFRS as indicators 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. The Company's method of calculating EBITA, Adjusted 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 and spirits; 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 and spirits prices; its ability to obtain grapes, imported wine, glass, and other raw materials; fluctuations in foreign currency 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 "Risks and Uncertainties" 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.

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