ANDREW PELLER LIMITED REPORTS IMPROVED EARNINGS FOR FIRST NINE MONTHS OF FISCAL 2020

GRIMSBY, Ontario – February 12, 2020 – Andrew Peller Limited ADW.A/ADW.B ("APL" or the "Company") announced improved earnings performance for the three and nine months ended December 31, 2019.

NINE MONTHS HIGHLIGHTS:

- Sales slightly lower than last year;
- Gross margin strengthened to 43.5% from 42.3% last year;
- Selling and administrative expenses improved to 26.3% of revenues from 26.9% last year as a result of the new accounting standards for leases adopted April 1, 2019;
- EBITA increases to $51.8 million from $46.3 million last year;
- Adjusted EBITA rises to $53.3 million from $51.7 million last year;
- Net earnings increase to $24.5 million from $21.9 million last year;
- Common share dividends increased 4.8% in June 2019; the seventh consecutive year of dividend increases.

"We continue to see improved performance across the majority of our well-established trade channels, driven by the introduction of new products and new product categories. We are also pleased to see further strengthening in our profitability, the result of our emphasis on higher-margin products and our cost control initiatives," commented John Peller, Chief Executive Officer.

"Looking ahead, our core wine business is on stable footing as we launch several new products in the coming months to strengthen our growth in the overall Canadian wine market. In addition, we are optimistic our recent entry into new beverage categories, including spirits, beer and cider will further contribute to our revenue growth going forward," added Randy Powell, President.

Operating Performance

Sales for the three and nine months ended December 31, 2019 were slightly lower than the same prior year periods. The introduction of new products and brands and solid performance across the majority of the Company's well established trade channels were offset by softness in the personal winemaking market, increased competition from subsidized low-priced imported wines, and lower export sales due to trade and political disputes between Canada and China. The third quarter of the Company's fiscal year is historically the largest due to increased consumer purchasing of the Company's products during the holiday season.

Gross margin as a percentage of sales further strengthened for the three and nine months ended December 31, 2019, rising to 41.3% in the third quarter and 43.5% for the first nine months of the year compared to 40.8% and 42.3% for the same prior year periods. Gross margin is benefitting from an increased focus on higher margin products and the positive impact of the Company's cost control initiatives. On the acquisition of three wineries in October 2017, the Company recorded an increase of $10.4 million to inventory to represent the fair value of goods acquired from the new wineries. This increase is being expensed over time to the consolidated statement of earnings as finished goods are sold. For the three and nine months ended December 31, 2019 the Company recorded a charge of $0.3 million and $1.5 million, respectively, to cost of goods sold as a result of this adjustment compared to $1.5 million and $5.2 million in the third quarter and first nine months of fiscal 2019. Management is continually focused on enhancing production efficiency and productivity and believes gross margin will remain strong for the foreseeable future.

Selling and administrative expenses were lower in the third quarter and first nine months of fiscal 2020 compared to the prior year. Included in the third quarter and first nine months of fiscal 2020 is a reduction of lease expenses of $1.1 million and $2.3 million, respectively, due to the accounting treatment for lease obligations in accordance with IFRS 16, adopted on April 1, 2019. The prior year included advertising and promotion costs related to the launch of the Company's new *Peller Family Vineyards* brand and other new products and initiatives. Partially offsetting these reductions are one-time expenditures related to the Company's implementation of a new ERP solution largely incurred in the second quarter of the year. As a percentage of revenues, selling and administrative expenses strengthened to 25.4% and 26.3% for the third quarter and first nine months of fiscal 2020 compared to 26.9% and 26.9%, respectively, last year.

Earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes ("EBITA") were $16.1 million and $51.8 million for the three and nine months ended December 31, 2019, respectively, up from $14.4 million and $46.3 million in the same prior year periods due primarily to the improved gross margin and lower selling and administrative expenses. Adjusted EBITA, which excludes from EBITA one-time acquisition related charges, was $16.4 million and $53.3 million for the three and nine months ended December 31, 2019, up from $16.0 million and $51.7 million in the prior year.

Interest and amortization expense increased in fiscal 2020 compared to the prior year due primarily to the accounting treatment for lease obligations in accordance with IFRS 16 adopted on April 1, 2019. Other expenses in fiscal 2020 include $1.0 million in one-time early retirement incentive programs resulting from recent plant operations succession planning.

The Company recorded a net unrealized non-cash gain in the first nine months of fiscal 2020 of $0.6 million related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts compared to a net unrealized loss of $0.5 million in the prior year.

Net earnings for the third quarter and first nine months of fiscal 2020 increased to $8.1 million ($0.19 per Class A Share) and $24.5 million ($0.57 per Class A Share), respectively, from $5.4 million ($0.13 per Class A Share) and $21.9 million ($0.51 per Class A Share), respectively, in the prior year. Adjusted earnings, defined as net earnings not including net unrealized gains and losses on derivative financial instruments, other (income) expenses, non-recurring, non-operating (gains) and losses, and the related income tax effect were $7.8 million and $26.4 million for the three and nine months ended December 31, 2019, respectively, compared to $7.8 million and $27.9 million, respectively, in the prior year.

Maintaining a Strong Financial Position

Overall bank debt increased to $161.1 million at December 31, 2019 from $154.8 million at March 31, 2019. The increase is due to cash flows from operations in fiscal 2020 offset by regularly scheduled debt repayments. With the increase in debt, the Company's debt to equity ratio was 0.64:1 at December 31, 2019 compared to 0.66:1 at March 31, 2019. At December 31, 2019, the Company had unutilized debt capacity in the amount of $35.2 million on its operating facility and $110.0 million on its investment facility.

Shareholders' equity as at December 31, 2019 increased to $251.9 million or $5.70 per common share, up from $234.8 million or $5.31 per common share at March 31, 2019. The increase in shareholders' equity was due to the continuing solid performance in fiscal 2020, partially offset by the payment of dividends.

For the nine months ended December 31, 2019, the Company generated cash from operating activities, after changes in non-cash working capital items, of $21.5 million compared to $32.4 million in the prior year. Investing activities of $17.9 million through the first nine months of fiscal 2020 relate primarily to capital expenditures to implement a new ERP solution and improve operations.

Normal Course Issuer Bid

On November 8, 2019, the Company announced its normal course issuer bid to repurchase for cancellation up to 1,799,733 common shares, representing 5% of common shares issued and outstanding as at the close of markets on November 7, 2019, during the 12-month period from November 12, 2019 to November 12, 2020.

The total number of common shares repurchased for cancellation under the NCIB during the 3-month period ended December 31, 2019 amounted to 62,700 common shares, at a weighted average price of $11.95 per common share, for a total cash consideration of $750,000. For the 3-month period ended December 31, 2019, the Company's share capital was reduced by $45,000 and the remaining $705,000 was accounted for as a decrease in retained earnings.

Common Share Dividend Increase

On June 12, 2019, the Company's Board of Directors approved a 4.8% increase in common share dividends. The annual dividend on Class A Shares was increased to $0.215 per share from $0.205 per share and the dividend on Class B Shares was increased to $0.187 per share from $0.178 per share. The Company has consistently paid common share dividends since 1979 and has increased dividends every year for the past seven years.

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)	**2019**	2018	**2019**	2018
Sales	**101,597**	103,152	**300,188**	302,016
Gross margin	**41,968**	42,133	**130,700**	127,698
Gross margin (% of sales)	**41.3%**	40.8%	**43.5%**	42.3%
Selling and administrative expenses	**25,820**	27,780	**78,867**	81,377
EBITA	**16,148**	14,353	**51,833**	46,321
Adjusted EBITA	**16,427**	15,599	**53,309**	51,739
Interest	**1,818**	1,920	**6,269**	5,817
Net unrealized loss (gains) on derivative financial instruments	**(646)**	1,478	**(578)**	511
Other expenses	**(57)**	27	**1,133**	394
Adjusted net earnings	**7,815**	7,761	**26,378**	27,931
Net earnings	**8,056**	5,432	**24,491**	21,874
Earnings per share – Class A	**$0.19**	$0.13	**$ 0.57**	$ 0.51
Earnings per share – Class B	**$0.16**	$0.11	**$ 0.49**	$ 0.44
Adjusted earnings per share – Class A	**$0.18**	$0.18	**$ 0.60**	$ 0.65
Adjusted earnings per share – Class B	**$0.15**	$0.16	**$ 0.52**	$ 0.56
Dividend per share – Class A (annual)			**$0.215**	$0.2050
Dividend per share – Class B (annual)			**$0.187**	$0.1783
Cash provided by operations (after changes in non-cash working capital items)			**21,522**	32,356
Shareholders' equity per share			**$5.70**	$5.31

About Andrew Peller Limited

Andrew Peller Limited is one of Canada's leading producers and marketers of quality wines and craft beverage alcohol products. The Company's award-winning premium and ultra-premium VQA brands include *Peller Estates, Trius, Thirty Bench*, *Wayne Gretzky, Sandhill, Red Rooster, Black Hills Estate Winery, Tinhorn Creek Vineyards, Gray Monk Estate Winery, Raven Conspiracy,* and *Conviction*. Complementing these premium brands are a number of popularly priced varietal offerings, wine based liqueurs, craft ciders, beer 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 provisions" of the Securities Act (Ontario) with respect to APL and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's acquisitions; its launch of new premium wines and craft beverage alcohol products; 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", "could", and similar verbs 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 spirit 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 and international wine markets; market trends; reliance on key personnel; protection of its intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising, and labelling of its products; the regulation of liquor distribution and retailing in Ontario; the application of federal and provincial environmental laws; 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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