

MARLBOROUGH WINE ESTATES GROUP LIMITED (NXT: MWE) – NXT Market Announcement

Date: 31 August 2017

MWE Business Update

The Marlborough Wines Estate Group Limited (MWE) board is pleased to advise that in accordance with the NXT Market Rules it has undertaken an annual review of the group's Key Operating Milestones (KOM's) and set the targets for the financial year ended 30th June 2018.

As advised in yesterday's Interim Update, the board has determined that due to international interest for bulk wine produced by MWE, the KOM for International bottled wine sales revenue for the current financial year should be restated. MWE expects to complete that restatement process within the next 10 business days and will update the market accordingly.

The other three KOMs are unchanged and the relevant full year targets follow. The board believes it has taken a conservative approach in the setting its KOM's for FY2018.

Key Operating Milestones	Full year FY18 Targets
Gross Harvest (tonnes)	1,600
Bulk Grape Sales (tonnes)	1,200
International Wine sales	TBA
New Zealand Bottled Wine sales revenue	\$233,750

Commentary regarding KOMs

Gross Harvest:

This is an annual measurement of grape production from the vineyards and shows the vineyards growth and grape supply capacity. For FY2018, with increased irrigation and provided weather conditions remain favourable, MWE is forecasting a 150 tonne increase in Gross Harvest from FY2017 levels.

Harvest yields are also expected to increase from the existing vines until they mature. Increased gross harvest is important to meet expected demand for bulk wine and satisfy bottled wine sales growth. In particular, it demonstrates the ability of MWE to meet growth in sales without a need to reduce or cease bulk grape sales in the short term.

Gross Harvest is a seasonal metric which is normally reported in the last quarter of the financial year (April to June) following the annual harvest of the grapes.

Bulk Grape Sales:

Grape supply agreements have been signed to supply bulk grapes from certain vineyard blocks and MWE is expecting to see an 8% increase in bulk grape sales for FY2018.

Due to the factors outlined in the Gross Harvest KOM, and increased operating efficiency,, MWE expects a lift in gross harvest volumes for FY2018. The Bulk Grape Sales measurement shows the bulk grape allocation of the total harvest under the first KOM (Gross Harvest) with the remaining harvest being processed for bottled wine and bulk wine sales. MWE's key strategy is to significantly increase exports of bulk and bottled wine that will be supported over time by more allocation of grapes to bulk and bottled wine processing.

New Zealand Bottled Wine Sales:

New Zealand Bottled Wine sales revenue grew strongly in the last financial year and MWE is budgeting on 25% growth in sales for FY18. MWE's new products will help help capture additional market share in an increasingly competitive domestic market.

FURTHER INFORMATION REGARDING KOMS

All NXT companies are required to set Key Operating Milestones (KOMs) and targets and must report against those targets on an ongoing quarterly basis. A KOM is a metric for measuring and reporting on the performance of MWE. The KOMs must meet the NXT standard. This means that the KOMs when taken together, address the most significant factors by which the performance of MWE's business should be assessed and monitored and will result in understandable reporting for investors.

Future Events

Event	Date
Full Year Preliminary Result Due	31/08/2017
KOM Restatement and NXT Standard Certification	By 18 September 2017
Annual Report Due	30/09/2017
FY18 1st Quarter Business Update Due	30/10/2017
Annual Meeting Scheduled	December 2017

ENDS

Authority for this announcement

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Marlborough Wine Estates Group Limited's shares can be traded on the NXT Market. Marlborough Wine Estates Group Limited is required to disclose information under the NXT Market Rules. Information about the NXT Market and the NXT company is available here www.nxt.co.nz.