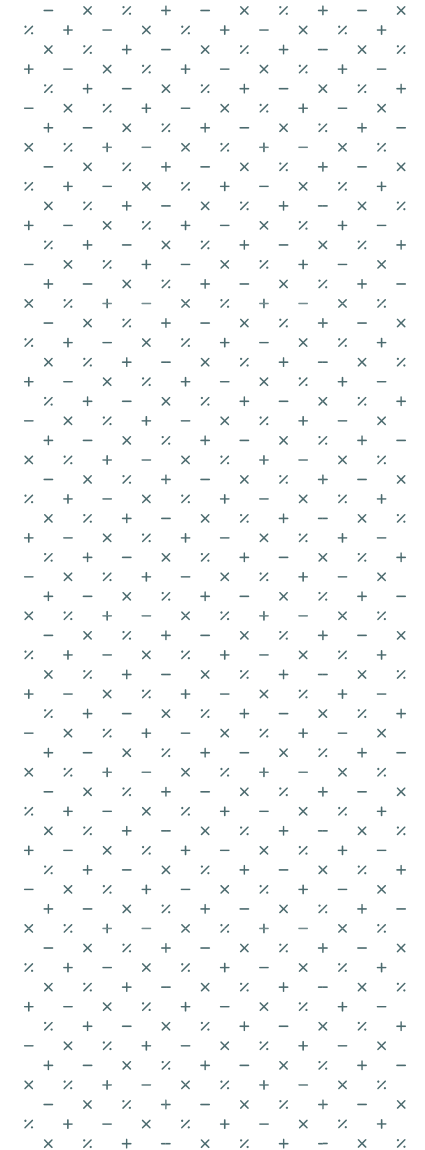




Wineries and Vineyards

Market Monitor

Spring 2018

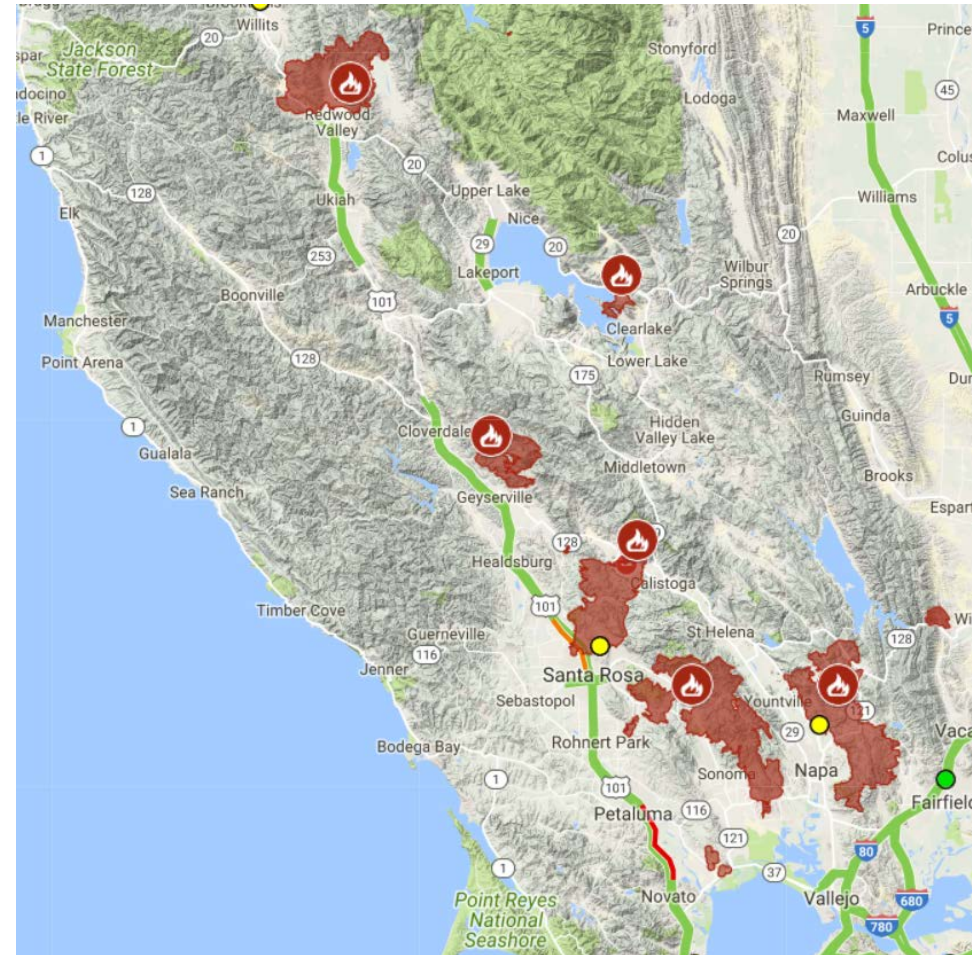


Preliminary California Crush Report Strong Despite 2017 Fires

Industry Update

- The preliminary 2017 California grape crush report issued by the United States Department of Agriculture, stated that 4.01 million tons of grapes were harvested, roughly equivalent to the 4.03 million tons harvested in 2016. Cabernet Sauvignon and Pinot Gris grape harvests grew by 5.9% and 3.5% respectively, from 2016 to 2017, representing the strongest growth of grape varieties.
- The 2017 California grape harvest is not expected to be severely impacted by the wildfires in Northern California, since an estimated 90.0% of grapes were already harvested before the fires started. Furthermore, many of the grapes still on the vine were Cabernet grapes, which are less susceptible to smoke-taint, as they have thicker skin. The preliminary crush numbers are supporting that overall affects of smoke-taint are limited.
- The University of California, Davis' Agricultural Issues Center issued a report stating that the damage from the fires affected "less than one percent of the total Napa and Sonoma processing capacity". Despite the relatively small impact of the fires on the Northern California wine harvest and industry, nearly 7,500 buildings and homes have been destroyed by the fires and the total damage in the area is estimated to be \$9.0 billion as of late 2017. Many participants in the industry were, and will continue to be impacted.
- This damage is expected to further exacerbate labor shortages that were prevalent in wine country throughout 2017 and have raised concerns that there will be reduced tourism in wine country, which may prolong the recovery of the region.
- Despite significant rain throughout California in January 2018, February was abnormally dry, which many experts believe may lead to more severe drought conditions throughout California and may damage the earlier than expected buds. Currently, the Central Valley is experiencing either no drought or abnormally dry ratings from the U.S. Drought Monitor, which is significantly better than the extreme/exceptional drought ratings witnessed in 2015 and 2016.

Wine Country Wildfires



Sales Growth Decelerates in 2017



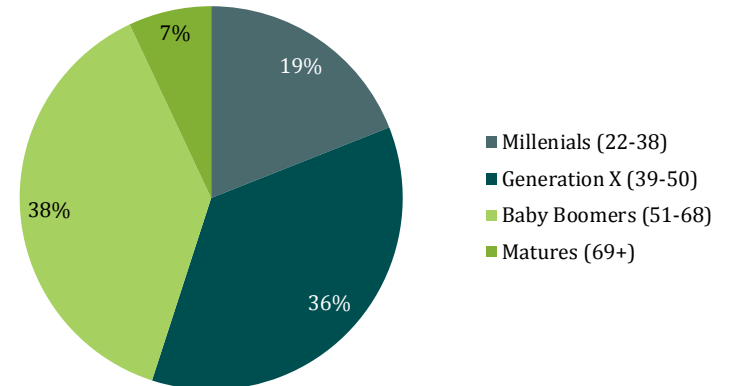
Industry Update

- The U.S. wine industry is expected to generate sales growth between 2.0% and 4.0% for 2018, which is more than the previous year's sales growth rate of 1.7%. Initial 2017 sales growth was estimated to be between 4.0% and 6.0% and experts are attributing the forecast miss to changing consumer trends, especially among millennials.
- A consumer trend that is believed to have slowed overall sales growth in 2017 is the softening in sales growth of premium wines. Premium wineries experienced sales growth below the double-digit threshold in 2017, which is below the double digit average seen over the previous 5 years. This can be primarily attributed to baby boomers reducing premium wine purchases as well as the lack of premium wine purchases by millennials, who combined, make up 57.0% of total wine consumers. Despite an expected deceleration in sales growth for premium wines, experts believe that the premium wine market will continue to drive overall industry growth.
- Millennials are an increasing share of the U.S. wine market, now accounting for 19.0% of total wine purchases as compared to 17.0% in 2016. Baby Boomers have seen a slight decline in overall consumption from 2016 to 2017 with Baby Boomers accounting for 40.0% of wine consumption in 2016 and 38.0% in 2017.
- Another trend driven by millennials in the wine industry is direct-to-consumer (DTC) sales. In 2016, DTC sales accounted for 5.6% of total wine sales, whereas in 2017, DTC sales accounted for 6.5% of total wine sales. Furthermore, wineries that produced less than 50,000 cases per year in 2017 accounted for 72.5% of total DTC sales value in 2017. Industry experts believe that DTC and e-commerce sales will continue to grow as a percentage of overall wine sales and will drive industry growth moving forward due to a continued global trend towards e-commerce.

2017 Net Case Production by State

Winery Case Range	DTC Cases Shipped	DTC Value Shipped
500,000+	684,225	\$132,552,837
50,000-499,999	1,556,818	\$606,309,377
5,000-49,999	2,489,669	\$1,248,867,502
1,000-4,999	953,678	\$623,576,372
<1,000	104,099	\$80,410,651
Total	5,788,489	\$2,691,716,739

Consumption by Age Demographic



Public Company Valuations

(\$U.S. in millions, except per share amounts)

Company Name	Share Price	52 Week High - Low	Market Cap	Enterprise Value	TTM Data			NTM Est. Growth			EV Multiple			
					Sales	EBITDA	Margin	Sales	EBITDA	TTM Sales	TTM EBITDA	NTM Sales	NTM EBITDA	
Wine Producers														
Constellation Brands, Inc.	\$227.94	\$231.83 - \$157.51	\$44,431	\$53,641	\$7,447	\$2,735	36.7%	7.4%	9.6%	7.20x	19.6x	6.71x	17.9x	
Pernod Ricard SA	166.85	168.84 - 132.40	44,054	53,437	10,844	3,138	28.9%	4.6%	5.8%	4.93x	17.0x	4.71x	16.1x	
Treasury Wine Estates Limited	13.58	14.24 - 9.28	9,698	10,092	1,955	455	23.3%	8.9%	21.3%	5.16x	22.2x	4.74x	18.3x	
Davide Campari-Milano S.p.A.	7.55	8.61 - 5.96	8,724	10,332	2,085	469	22.5%	2.6%	13.1%	4.96x	22.0x	4.83x	19.5x	
Rémy Cointreau SA	139.28	148.45 - 104.57	6,955	7,490	1,331	305	22.9%	10.4%	11.2%	5.63x	24.6x	5.10x	22.1x	
Viña Concha y Toro S.A.	2.09	2.29 - 1.69	1,558	1,968	997	125	12.5%	8.4%	18.7%	1.97x	15.8x	1.82x	13.3x	
Groupe Laurent-Perrier	116.73	125.15 - 84.26	689	1,061	269	52	19.4%	7.3%	13.1%	3.95x	20.3x	3.68x	17.9x	
Andrew Peller Limited	14.08	14.71 - 8.03	624	753	284	47	16.5%	4.4%	3.8%	2.65x	16.0x	2.54x	15.4x	
AdVini S.A.	43.37	47.09 - 41.14	162	369	279	9	3.4%	13.4%	139.4%	1.32x	39.4x	1.17x	16.5x	
Australian Vintage Ltd	0.50	0.52 - 0.32	140	206	194	18	9.1%	4.5%	21.6%	1.06x	11.7x	1.02x	9.6x	
Willamette Valley Vineyards, Inc.	7.98	8.86 - 7.50	40	50	21	6	26.7%	NA	NA	2.40x	9.0x	NA	NA	
Truett-Hurst, Inc.	1.91	2.40 - 1.80	9	25	22	(0)	NA	NA	NA	1.17x	NA	NA	NA	

Median	\$1,514	\$641	\$88	22.5%	7.4%	13.1%	3.30x	19.6x	4.19x	17.2x
Average	\$11,619	\$2,144	\$613	20.2%	7.2%	25.8%	3.53x	19.8x	3.63x	16.7x

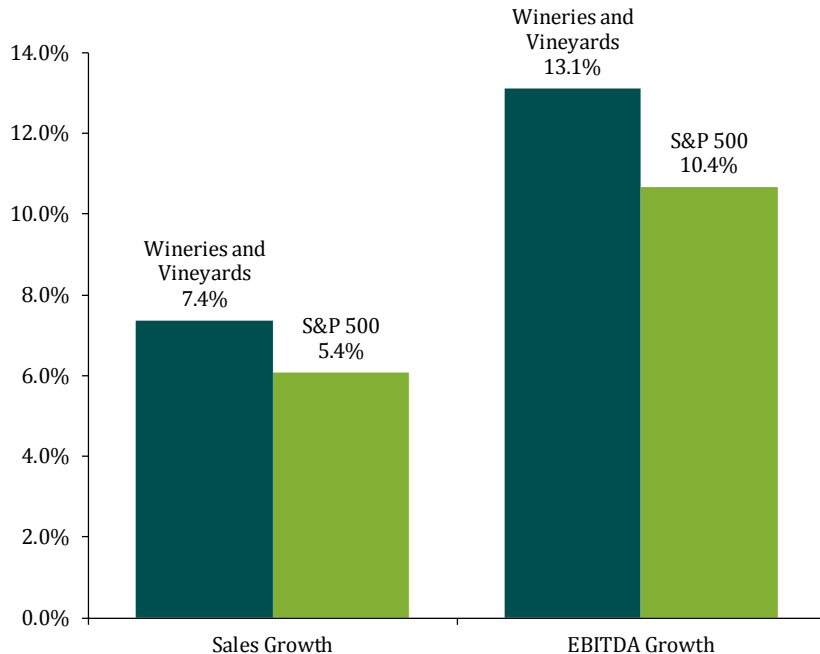
Note: Not meaningful (NM) if EV/Sales is greater than 10x, or EV/EBITDA is greater than 40x. NA if denominator is 0, for percentages and multiples, or if estimates are not available. NTM figures are based on the median estimate of Wall St. analysts.

Source: S&P CapitalIQ, company filings.

Significant Valuation Growth for Public Wineries in 2017

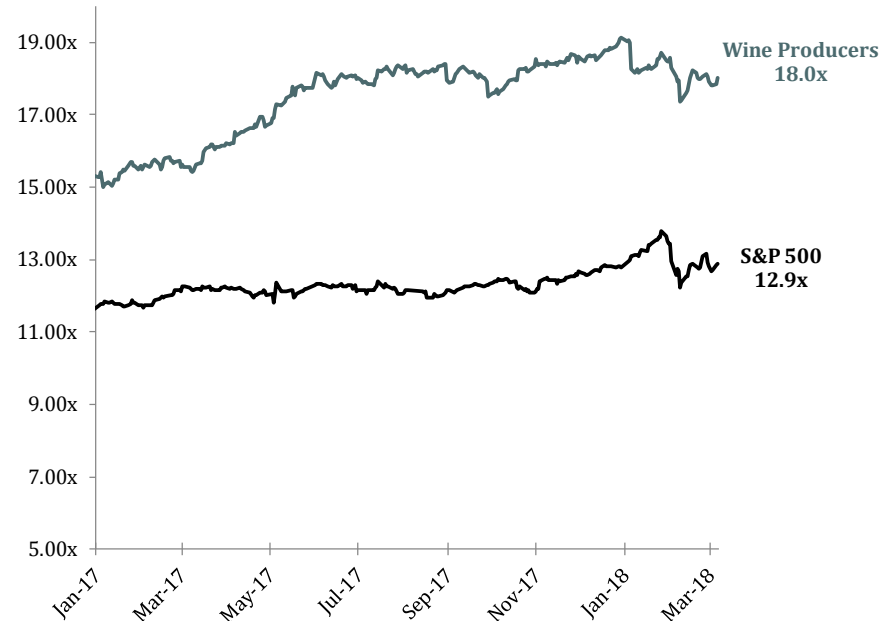
- Public wineries and vineyards have a positive outlook for the next twelve months with sales growth projections of 7.4% as compared to S&P 500 sales growth of 5.4%.
- EBITDA growth projections are also set to outpace the S&P 500 with public wineries and vineyards expected to grow their EBITDA 13.1% compared to the 10.4% growth expected of the broader market.

Next 12 Months: Estimated Growth



- Despite deceleration in sales growth, wine producers' EV/EBITDA valuation multiples have been trading near all-time highs, with wine producers trading at an average 18.2x EBITDA so far in 2018.
- Wine producers have seen EV/EBITDA valuations grow by 15.9% over the last twelve months from 15.6x in March 2017 to 18.0x in March 2018. During the same period, the S&P 500 has seen EV/EBITDA valuation grow by 5.5%.

Public Market Valuations



Note: Wine Producers is composed of the public companies included on slide 4.

Source: S&P CapitalIQ.

Select, Recent M&A Activity

\$ in millions

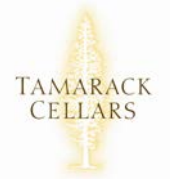
Close Date	Acquirer/Investor	Target	Target State	Comments
Announced	Vintage Wine Estates, Inc.	Tamarack Cellars	WA	25K cases
Announced	Huneus Vintners LLC	Benton-Lane Winery	OR	35K cases
Jan-18	Willamette Valley Vineyards, Inc.	Maison Bleue Winery	WA	2K cases
Jan-18	Vite USA, Inc.	Sullivan Vineyards Corporation	CA	3K cases
Nov-17	Private Investor	Lake James Cellars	NC	2.5K cases
Nov-17	Paul Hobbs Winery, Inc.	Silverado Investment Management Company, Cabernet Sauvignon Vineyard	CA	NA
Oct-17	Private Investor	King Of Clubs	CA	NA
Sep-17	Silver Oak Cellars, Inc.	Erath Vineyards, Inc., Prince Hill Vineyard	OR	NA
Sep-17	Private Investor	Mayacamas Vineyards Inc.	CA	5K cases
Aug-17	Duckhorn Wine Company, Inc.	Calera Wine Company	CA	1K cases
Jul-17	Private Investor	Wahluke Wine Company, Inc.	WA	1.8MM cases
Jun-17	Got Wine, LLC	Hidden Lake Winery and Banquet Center	IL	NA
Jun-17	Constellation Brands, Inc.	Schrader Cellars, LLC	CA	4K cases
May-17	Jackson Family Wines, Inc.	Brewer-Clifton LLC	CA	9.8K cases
Apr-17	Private Investor	Sisyphus LLC	CA	NA
Apr-17	Maisons & Domaines Henriot America	Beaux Frères, LLC	OR	8.5K cases
Apr-17	Waliser Winery LLC	Balboa Winery, LLC	WA	7.5K cases
Apr-17	Francis Ford Coppola Presents, LLC	The Silverwood Vineyard	CA	NA
Apr-17	Private Investor	Cannon River Winery, LLC	MN	NA
Mar-17	E. & J. Gallo Winery, Inc.	Stagecoach Vineyard	CA	NA
Jan-17	Vintage Wine Estates, Inc.	Clara Street Company	CA	NA
Dec-16	Trinchero Family Estates, Inc.	Mason Cellars	CA	45K cases
Oct-16	The Sill Family Vineyards	Ardente Estate Winery	CA	2.5K cases
Oct-16	TSG Consumer Partners	Duckhorn Wine Company, Inc.	CA	121K cases
Oct-16	Heathen Brewing, LLC	Village Vineyard Winery LLC (nka:Heathen Estate)	WA	NA
Oct-16	Vintage Wine Estates, Inc.	Delectus Winery	CA	4.5K cases
Oct-16	Jackson Family Wines, Inc.	Willakenzie Estate, Inc.	OR	25K cases
Sep-16	Jackson Family Wines, Inc.	Field Stone Winery & Vineyard, Inc.	CA	40K cases
Aug-16	Private Investor	Jaffurs Wine Cellars	CA	5K cases
Aug-16	KB Wines, LLC	Cerise Vineyards	CA	181 cases
Aug-16	O'Neill Vintners and Distillers	Robert Hall Winery LLC	CA	60K cases
Jul-16	Private Investor	Portfolio 12 Brands of Treasury Wine Estates	CA	1M cases
Jun-16	Private Investor	Everett Ridge Vineyards and Winery	CA	6K cases
Jun-16	E. & J. Gallo Winery, Inc.	Orin Swift Cellars, LLC	CA	100K cases
Jun-16	GI Partners, LLC	Far Niente Wine Estates LLC	CA	75K cases
May-16	Jackson Family Wines, Inc.	Copain Wine Cellars, LLC	CA	20K cases
May-16	Domaine de la Côte	Sandhi Wines, LLC	CA	NA
Apr-16	Foley Family Wines, Inc.	Stryker Sonoma	CA	5K cases
Apr-16	Ste. Michelle Wine Estates Ltd.	Patz & Hall Wine Company, Inc.	CA	35K cases
Apr-16	Jackson Family Wines, Inc.	Penner-Ash Wine Cellars, LLC	OR	915 cases
Mar-16	Private Investor	Dancing Hares Vineyard, LLC	CA	6.3K cases
Jan-16	Peju Province Corporation	Acacia Winery, Inc.	CA	55K cases
Jan-16	Double Canyon Vineyards, LLC	Seven Hills Winery LLC	WA	21K cases
Jan-16	Landmark Vineyards	Hop Kiln Winery, Inc.	CA	5K cases

Source: S&P CapitalIQ, PitchBook, company filings, news releases.

Overview of Select, Notable Transactions



announces acquisition of



January 2018

- Vintage Wine Estates announced the acquisition of Tamarack Cellars, a Walla Walla, Washington based winery. Financial terms were not disclosed.
- Tamarack Cellars produces approximately 25,000 cases per year with their most popular brand being their Firehouse Red blend which has won several awards for the under \$20 per bottle category.
- President and CEO of Vintage Wine Estates, Pat Roney, stated, “Tamarack Cellars exemplifies what is so very exciting about Washington winemaking, thanks to the vision of the founder, Ron Coleman and the quality and diversity of the state’s microclimates and vineyards.”
- Tamarack Cellars founder, Ron Coleman, also added, “I feel good about the Tamarack team joining a group that is capable of and committed to making the wines Tamarack is known for. They also bring the additional tools needed to grow the brand successfully.”
- Tamarack Cellar’s winemaker, Danny Gordon, will continue in his role as the lead winemaker and all Tamarack Cellars personnel have been retained.

Wineries and Vineyards



7



acquired



January 2018

- Willamette Valley Vineyards has acquired Maison Bleue Winery, an Oregon and Washington winemaker, for an undisclosed amount.
- Maison Bleue Winery produces approximately 2,000 cases per year and primarily focuses on Rhône-style wines, Chardonnays, and Syrahs.
- Maison’s founder, Jon Meuret, left his job as a dentist in 2007 to pursue wine making and established Maison Bleue Winery. In 2015, he was hired as a consultant for Willamette Valley Vineyards to help them produce the company’s Cabernet-focused label Pambrun Wines.
- Jon Meuret stated regarding the transaction, “Working on the Pambrun Wines has allowed me to get to know the WVV team and how aligned we are in our mission to make the highest quality, terroir-driven wines. When they offered a solution to allow me to focus more on the vineyards and winemaking, and the opportunity for Maison Bleue to have an estate vineyard in the Rocks, it brought to life ideas I’ve wanted to pursue for years.”
- Willamette Valley Vineyards winery director, Christine Clair, stated, “We are growing [Maison Bleue] mainly as a direct-to-consumer brand.” She also noted that there is a potential to increase production to 5,000 cases and to primarily focus on Syrah.

Our Locations

Apparel, Accessories & Footwear



8

ARIZONA

Phoenix

CALIFORNIA

Fresno

Los Angeles

Manhattan Beach

Napa

Orange County

Silicon Valley

Sacramento

San Diego

San Francisco

Santa Rosa

Stockton

Walnut Creek

Woodland Hills

Colorado

Denver

KANSAS

Kansas City

NEW MEXICO

Albuquerque

OREGON

Eugene

Medford

Portland

TEXAS

Dallas

Houston

WASHINGTON

Bellingham

Everett

Issaquah

Seattle

Spokane

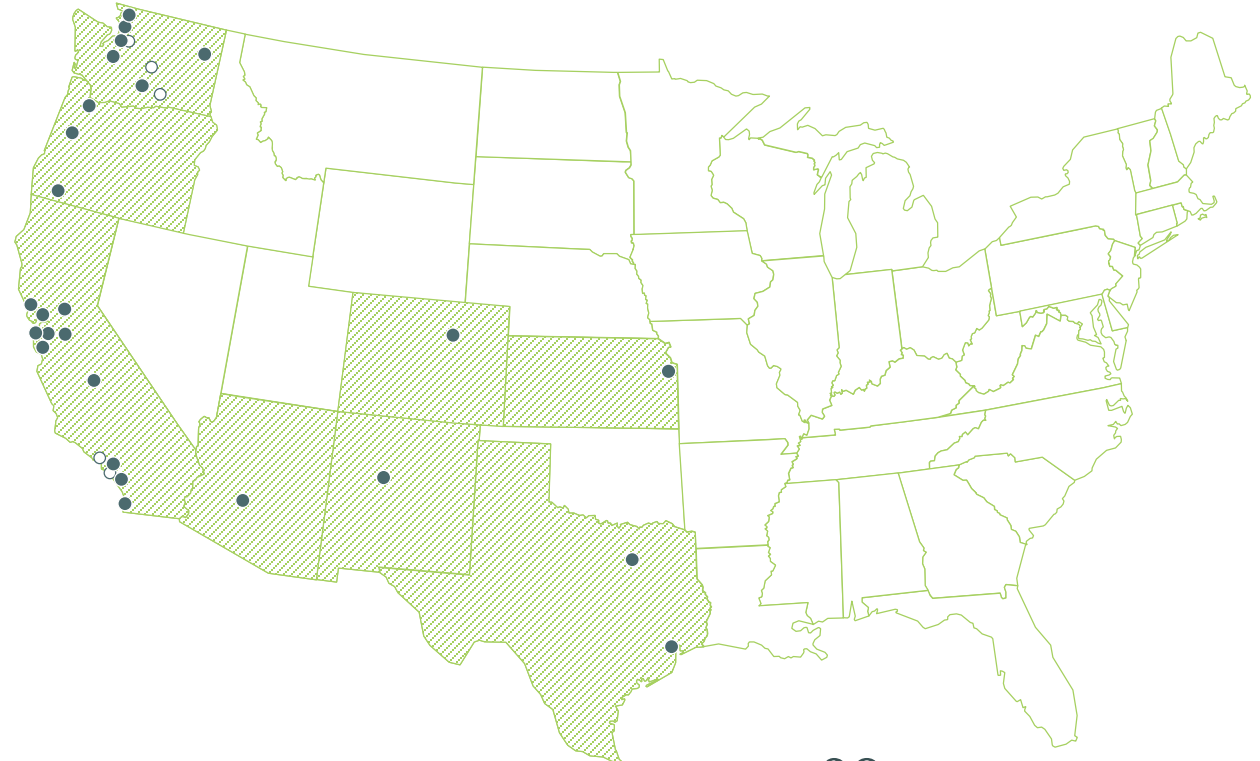
Tacoma

Tri-Cities

Wenatchee

Yakima

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