



BOCA HOLDING AG

Annual Report 2014

Including operating subsidiary company Le Piane s.r.l.

Boca Holding AG, Sonnenhof 3, 8808 Pfäffikon (SZ), Switzerland



Wine year 2014

The worst year since 2002, no growth in foreign markets, positive new beginning in Italy

Statistically we have expected a year like 2014 to happen in the long run. The weather was catastrophic and the crop was reduced by 50 % with only a very small quantity of potential Boca wine as the result.

The sales could be increased again this year but are behind the budgeted sales. The Italian new start with Giampi Renolfi and a new sales structure at least seems very promising as we could increase the sales four-fold in comparison to the preceding sales agent HERES and finally arrive in Italy at a healthy 24% of our sales which we think to be crucial for Le Piane in the future.

We are optimistic to achieve a good result in 2015 not only in Italy but also worldwide (see "Outlook 2015").

The weather related difficulties in the vineyards, the planting of a new vineyard at Traversagna, the investment in the Italian market, payment problems of a few importers and unstable markets will reflect in our numbers this year and in the cash position which is uncomfortable.

We call on the shareholders to forcefully support the Boca project by ordering our wines (see page 7).



Overview of the wine-year 2014

April—September "Growing Period"

An extremely early start of the vegetation in spring and an early flowering period seemed to forebode a good vintage. But in June summer did not come. July and August saw more than 20 days of rain per month. Prevention against grape disease proved to be difficult as the rain did not allow to do the necessary spraying. But Nicola and his team - with extra effort – managed to stick with our organic treatment methods without increasing copper and sulphur doses above normal level. After 18 treatments and continuing rainfall the grapes were weak and it was clear that we could not harvest any Vespolina this year. The grapes left saw an attack by the suzuki-fly (new in this territory) who did considerable damage to the grapes. Finally a moderately warm September seemed to normalise the situation but when we were ready for the harvest, the „Genova depression“ stopped the harvest for 10 days.

October Harvest

After that the grapes were in even worse condition and we restarted the harvest by meticulously selecting the grapes which were in orderly shape yet for wine-making. As the weather got stable finally we interrupted the harvest for another 10 days to pick on 31 October at least some good grapes for a potential Boca wine.

Wine Cellar Process

The incredible effort of our experienced harvest team brought to the cellar healthy grapes which made little problems in the vinification process. The alcohol is quite low between 11.5-12.5% and the wines are light, full of aromatics and very drinkable. Only the grapes picked last were treated as Boca wine with long maceration, pressing them on 30th November only.

The total amount is only 50% of a normal year consisting of 90% Maggiorina and Mimmo. There will be 22,000 bottles of those wines. Despite the low quality of grapes we made a little experiment for a first white wine from Erbaluce grapes, testing the technology to use in future. The result is very promising and we will continue with a bigger production in 2015.

Projects

Land and Vineyards

The new vineyard of 8000m² in Traversagna could be completed according to plan in June 2014 and even if the efforts and costs to do it exceeded expectations we could present the result at the general shareholders' assembly last year. Further weather problems provided good conditions for the new plants to grow but created on the other hand a lot of problems to stabilise the steep hillside. Further measures to safeguard the stability toward the street will have to be taken in 2015.

Wine Production

The bottling process of 22'000 bottles "Maggiorina" 2013 could be completed in September. It is the biggest amount of Maggiorina produced as yet and will help to reduce the pressure on the markets for this wine. We postponed all other bottling in order to increase liquidity in this difficult year and also to improve the wines with another year of aging in barrels.



Developments in the region

The shut down of the Bar Pinguino in Boca, which functioned as a sales point for our wines, was a real loss for us. Even though this is in line with the overall situation in our region where more and more of the economic activity is destroyed by the crisis we could not accept this without reaction. After some analysis, we decided to take over the rental of the Bar (at a reasonable price) in order to create a new sales point for Le Piane in the middle of Boca and locate our office there as well. So we have created optimal visibility in the main place of Boca and the direct sales we did in these few months are more than promising for our direct sales (7% of revenues). With this location we further have a perfect show room for presenting our wines to foreign importers and private customers.

Marketing

Fairs and Presentations

The most important international fair is still the Vinitaly, where we are now present with our own booth which we share with a partner winery in Tuscany: Podere il Palazzino. The start was very successful with a lot of visitors especially from Italy.

ITALY

The year saw intense travels of Giampi Renolfi all over Italy to build up and foster the new sales network, to do presentations in Restaurants and Wineshops. Just as an example some cities where we were active:

Rome, Prato, Spello, Parma, Turin, Mailand, Biella, Stresa, Verbania, Domodossola, Carmignano, Bari, Firenze, Ferrara, Padova, Rapallo, Vicenza, Pescara.

Further bigger events with incredible interest by visitors:

- AIS National congress at Turin
- FIVI Piacenza: Fair

WORLDWIDE

Travels with customer presentations and "Wine and Dine":

- Sweden, Finland, Switzerland, France, Croatia and Slovenia
- US: New York, California, Oregon, Ohio, Washington
- Japan

Press

You can download the most important reviews in 2014 from the new homepage www.bopcapiane.com (under <DOWNLOADS>):

2014 was another record year for our Boca 2010. All important guides in Italy assigned the highest score and Le Piane rates under the 10 most awarded wineries in 2014.

In the foreign press we had favourable articles in Decanter, Falstaff, Revue du vin de France and in Galloni's Vinous.



Financial aspects of 2014

Effects of the difficult weather conditions

Due to the extremely adverse weather conditions production was reduced by 50 % as compared with 2013. Although this does not yet affect the sales in 2014 and the next few years, as we have a considerable inventory, we should nevertheless evaluate the long term financial losses of such a year:

Wine	Normal-Production		Production 2014		Loss to normal year	
	bt.	€	bt.	€	bt.	€
Maggiorina	22'000	120'000	16'000	90'000	6'000	30'000
Piane	5'000	60'000	0	0	5'000	60'000
Mimmo	10'000	85'000	6'000	50'000	4'000	35'000
Boca	13'000	260'000	2'000	40'000	11'000	220'000
Total	50'000	525'000	24'000	180'000	26'000	345'000

The normal production is an average production over 10 years considering one off-year like 2014. This means that we can absorb a bad vintage as 2014 every 10 years, but if we have more bad years in a row that could create difficult problems.

The other aspect in such a year is that we have higher costs in the vineyards as the bad weather leads to much more work and spraying in order to safeguard at least some amount of production. In 2014 the additional costs amounted to € 15'000.

Regardless of this increase we could keep the overall costs within the budget, but only by skipping the planned bottling (-15'000€) which we could do as there is spare space in the cellar and the wines will improve even more with longer aging. However, in 2015 we will have to bottle a bigger portion of our wines than planned.

Sales 2014

In 2014 we achieved an increase in sales of 11 %, but were below budget by 14 %. The reasons for the gap of € 60,000 (margin correction for Italy included) are:

Italy: The immediate effect of the change from HERES to our own sales structure was very difficult to forecast and we were a bit too optimistic to plan a sales increase by 400 %. The 300 % increase still is a big achievement (-16'000€ or -15% to budget).

US: The two important markets were stable or increasing (NY, CA), but in two markets we had a problem with two importers who left invoices of 30'000€ unsettled. In Washington/Oregon we will now start with a new importer and so we can rebuild the market again. In Pennsylvania our previous importer closed his business but we started with a good company in 2015 to regain the market there. The US sales were behind budget by 30'000€ or -19%.

Canada: We opened two markets in 2013 with a good start and forecast some sales also in 2014 but did not make the target by 5000€ or -65%.

Europe: Very weak the situation all over Europe with some countries not placing any orders making our sales very unstable here with a shortfall to planned sales of € 10'000 or 8%.



Additional remarks to the consolidated accounts 2014

- Sales revenues increased by EUR 42,000 (11.2 %) to EUR 414,000. The increase is mainly due to our progress in the Italian market. This is partly offset by an increase in marketing and sales costs of EUR 34,000, foremost on account of the step up of our sales activities in Italy. This investment will pay in the future.
- The bad harvest was a drag on the financial results. For 2014 alone the effect – calculated at average production costs – was in the amount of EUR 30,000. (For the long term aspects see “Effect of the difficult weather conditions” above.)
- Financing costs increased by EUR 13,000, mainly due to interest paid on the shareholders’ loan granted by the end of 2013/early 2014. Financial income decreased by EUR 23,000 since no shares of the company were sold in 2014.
- EUR 18,000 revenues from tax were due to the release of a tax provision. Other income of EUR 8,000 were subsidies.
- Overall the consolidated loss increased by EUR 53,000 to EUR 98,000 thus reducing the consolidated equity to EUR 1,568,000.
- In 2014 investments amounted to EUR 120,000, the biggest part in the form of the new Vineyard Traversagna.
- Shareholders’ loans were increased by EUR 150,000 to EUR 250,000 in order to finance the negative cash flow from operations and investments.

Positive aspects of a year like 2014

- In this year’s extreme conditions in the vineyards (rainfall, insects, etc.) we learned a lot about the appropriate prevention of grape disease.
- The very difficult harvest conditions with the need of lot of strong selection of the grapes helped our picker team to be even more precise.
- In the cellar we developed the skills to improve the weak grapes to a normal standard by optimal selection and blend of various grapes.
- We were reminded that our biggest risk is the weather as we work under the open sky and not in a covered industry hall.

Outlook for 2015

For 2015 we are much more optimistic for the sales as Italy should improve a lot in 2015 working with a complete sales network all over Italy. Since the beginning of the year we have had significant orders from the other markets and have opened new markets (Pennsylvania, Washington/Oregon, Chicago, Florida, New Jersey). Norway and Germany ordered and also Canada opened the new year with orders above those of last year. We have new partners with serious interest in Germany, Croatia and Slovenia as well as in Poland. Hopefully we will realise most of them in 2015.



Shareholder Sales

The difficult year tightened the cash position of Le Piane to an uncomfortable extent. Only with another shareholder loan could we sustain the ongoing business. The most important contributor to a healthy liquidity situation are of course the sales revenues. **We think that our shareholders could increase Le Piane's revenues by placing regular orders for our wines.** The goal is to increase sales to shareholders by € 50,000 per annum. This comes down to average purchases of € 1,000 per shareholder. The shareholders might consider that not only are Le Piane wines a delicious specialty to drink for themselves but they also make attractive gifts to present friends or business relations with. We are preparing an interesting special offer for shareholders to be issued shortly.

In addition in order to inform all shareholder more comprehensively about Le Piane and our wines, we are organising tasting events in Finland, Austria and several presentations in Switzerland. Every shareholder counts and we would be pleased to welcome you at these events and receive your orders.

Thank you

In 2014 many people helped with our work at Boca.

Our permanent team in Boca:

Vineyard:	Nicola del Boca (manager) Hamit Poci Remo Pizzala Ivan Pastrello (part time)
Cellar/Warehouse:	Sergyi Zhukov
Administration/Sales Italy:	Giampiero Renolfi

Harvest:

Dalia Tinè, Mandy Pierce, Edoardo Sderci, Beppe la Fauci, Traudl Mifka, Marlene und Florian Roner, Irene und Fritz Moser, Loes und Felix Rainolter, Peter Würth, Donat Walser

Thanks to shareholders great success in sales in Finland, supported by Aarne Luukko

Stefan Zwicker as our adviser, Tobias Gallati and Pascale Kohl as the secretary

Boca Holding AG

Le Piane srl.

Sig. Felix Rainolter
Board member

sig. Christoph Künzli
Amministratore Unico

CK/ 13-05-2015