

## STATE OF THE INDUSTRY

### AT END 2018



#### RETURN ON INVESTMENT

2%	<2%	CPI + 5%
<b>2015</b>	<b>2018</b>	<b>2025</b>
BASELINE	ACTUAL	TARGET

- Profitability still under pressure.
- Silver lining due to upward price adjustments and greater cost-efficiency.
- Regional variations due to the after-effects of a three year drought.



#### PRODUCTION TO MARKET DRIVEN

80,000 ton surplus	Short supply	Equilibrium
<b>2015</b>	<b>2018</b>	<b>2025</b>
BASELINE	ACTUAL	TARGET

- Holistically stock levels are at equilibrium.
- Scarcity in certain varietals and price categories.
- Wines imported to meet demand.



#### LOCAL WINE SALES

350 m litres	387 m litres ESTIMATE	450 m litres
<b>2015</b>	<b>2018</b>	<b>2025</b>
BASELINE	ACTUAL	TARGET

	VOLUME SHARE	VOLUME 17/18	VALUE 17/18
Low Price <R30	53%	0	+3
Basic >R30 – R48	32%	-11	0
Premium >R48 – R72	4%	-14	-8
Super premium >R72 – R108	7%	-3	+2
Ultra premium >R108	4%	-4	+2
<b>TOTAL*</b>	<b>100%</b>	<b>-5%</b>	<b>+1%</b>

\*Sales of still wine only



#### TRANSFORMATION: LAND & WATER

1.5%	3%	20%
<b>2015</b>	<b>2018</b>	<b>2025</b>
BASELINE	ACTUAL	TARGET

- 20% of industry levies allocated to support transformation.
- 25 black brand owners assisted with finance, legal mentorship & trade promotions.
- 20 black-owned wine businesses gain access to WCDoA grants & technical services.
- HORTFIN launched, potentially R200 m in blended finance to B-BBEE ventures



#### BULK: PACKAGED RATIO

60:40	60:40	40:60
<b>2015</b>	<b>2018</b>	<b>2025</b>
BASELINE	ACTUAL	TARGET

	VOLUME (m litres)	TREND 17/18	VALUE (R bn)	TREND 17/18
Bulk	251	-8%	2,2	+7%
Packaged	169	-3%	6,9	+3%
<b>TOTAL</b>	<b>420</b>	<b>-6%</b>	<b>9,1</b>	<b>4%</b>



#### WINE TOURISM

R6 bn	Roadmap executed	R15 bn
<b>2015</b>	<b>2018</b>	<b>2025</b>
BASELINE	ACTUAL	TARGET

- Wine Tourism Desk established, with MOUs with Wesgro & the SA Wine Routes Forum.
- Visitwinelands established as digital platform & Wine Tourism Toolkit underway.
- International arrivals by air to Cape Town & Western Cape up by 9.6%.
- Economic Value of Wine Tourism in South Africa study launched.



#### NEW MARKETS: (USA, CHINA, AFRICA)

10%	11%	25%
<b>2015</b>	<b>2018</b>	<b>2025</b>
BASELINE	ACTUAL	TARGET

	VOLUME (m litres)	VOLUME SHARE	VALUE (R bn)	VALUE SHARE
USA	12,9	3%	544,9	6%
China	10,2	2%	459,4	5%
Africa & Africa Islands*	23,6	6%	722,7	8%
<b>TOTAL</b>	<b>46,7</b>	<b>11%</b>	<b>1 727,0</b>	<b>19%</b>

\*Excluding SACU countries



#### ETHICAL ACCREDITED VOLUME

20%	61%	100%
<b>2015</b>	<b>2018</b>	<b>2025</b>
BASELINE	ACTUAL	TARGET

- Largest Fairtrade wine supplier in the world
- 61% of total production ethically certified
- > 750 000 tonnes
- > 1 500 producers
- > 40 000 employees
- Continuous improvement & social dialogue.