

ECONOMIC REALITIES FACING THE SA WINE INDUSTRY

INDUSTRY BREAKDOWN

WINE GRAPE PRODUCERS

76% < 500 tons



| Tons | No of producers |
|--------------------|-----------------|
| ● 1 – 100 | 1 113 |
| ● > 100 – 500 | 987 |
| ● > 500 – 1 000 | 341 |
| ● > 1 000 – 5 000 | 322 |
| ● > 5 000 – 10 000 | 11 |
| ● > 10 000 | 4 |

WINERIES

70% < R10 mn



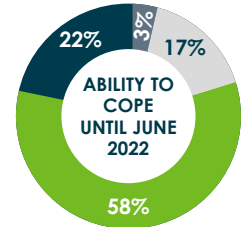
| Turnover | No of wineries |
|------------------------|----------------|
| ● <R10 mn | 371 |
| ● >R10 mn to <R50 mn | 103 |
| ● >R50 mn to <R170 mn | 43 |
| ● >R170 mn to <R300 mn | 8 |
| ● >R300 mn | 8 |

LOCAL SALES VS EXPORTS



- 49% Local sales
- 51% Export

ALL WINE-RELATED BUSINESSES



- My business will operate as always.
- My business will be slightly affected.
- I will have to make drastic changes.
- My business will not survive.

Vinpro survey in July 2021. 549 wine value-chain respondents answered: "To what extent will your business be able to cope with the current challenges related to Covid-19?"

More than **50%** of producers and wineries have no bridging finance.

Vinpro survey in May 2020.

EFFECT OF COVID-19

South Africa's Covid-19 restrictions started 26 March 2020, with serious implications for the wine industry.

EXPORTS

5 WEEK BAN

26 March – 1 May 2020

319 m litres exported in 2020 (↓ 0.2%)

Logistical challenges remain at Cape Town Port Terminal. Reputational damage and lack of confidence in being able to supply timeously, resulting in loss of listings.



LOCAL SALES

23 WEEK BAN

26 March 2020 – 25 July 2021 (intermittent)

Loss in sales volume: 132 m litres

394 m litres sold locally in 2021 (↑ 24%)



INCOME

R5.7 bn* loss in direct sales

R400 m* lost for every week domestic sales remained closed. R4.5 bn loss in wine tourism (end 2020)

* Includes retail wine sales, but not potential recovery in sales. (26 March 2020 - 25 July 2021)

TAX & ILLICIT TRADE

R3.6 bn* projected loss in tax (excise & other)

Illicit trade has grown significantly

* Wine only. (2020 & 2021)

BUSINESSES & JOBS

80 wineries

350 wine grape producers

25 000 people*

Are estimated to shut down or are at risk of losing their jobs from 2020 to 2023.

* Wine only



STOCK

645 m litres wine stock (estimated end 2021)

74 m litres uncontracted (estimated end 2021)

Pressure on price, cellar capacity and taking in the 2022 wine grape crop.