

Economic Summit 2021

February 18, 2021

State of the Mendocino Grape & Wine Market





CIATTI

GLOBAL WINE & GRAPE BROKERS

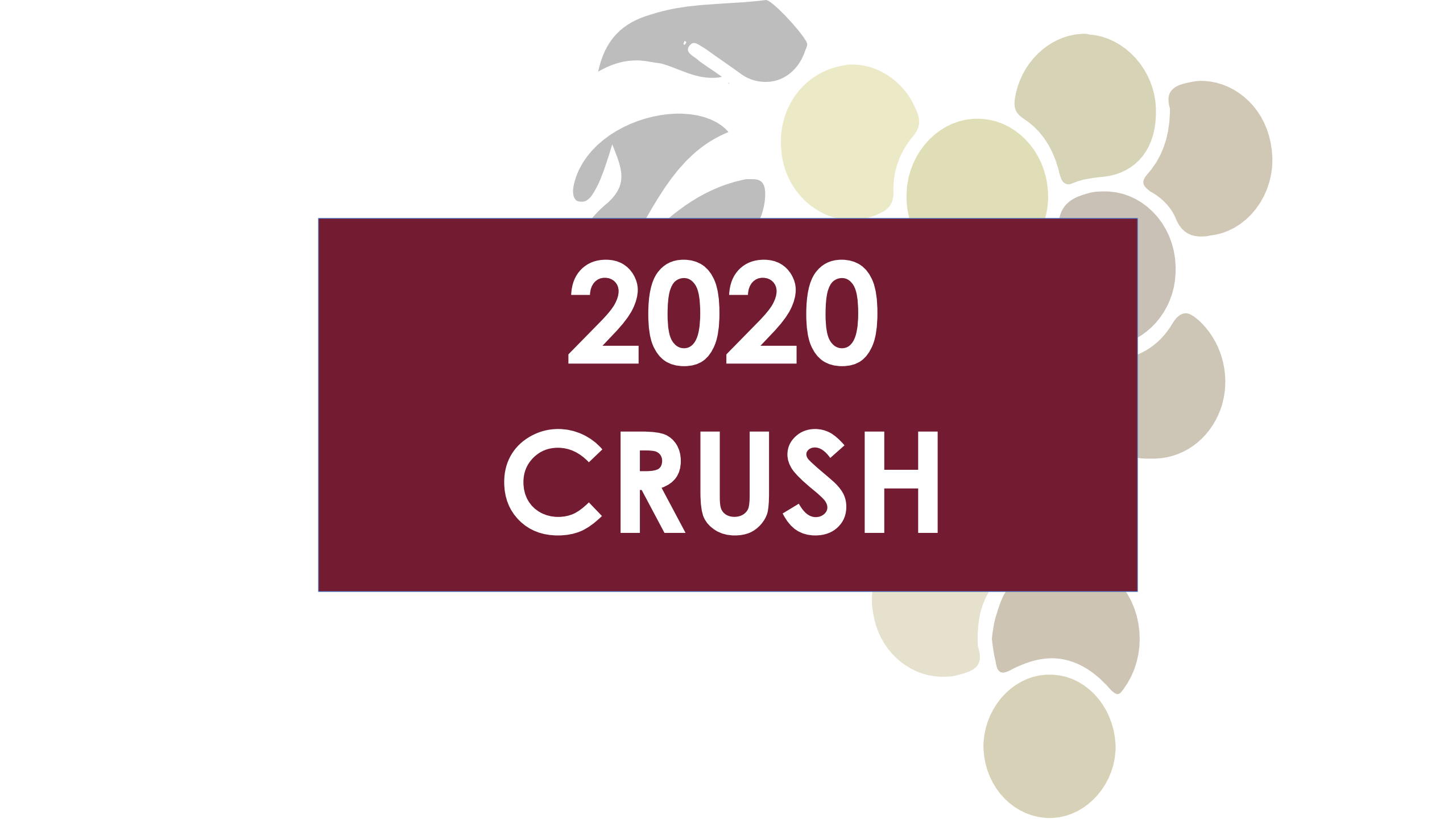
26 DEDICATED BROKERS IN 10 COUNTRIES



GLOBALLY BASED TO HELP BUILD YOUR BUSINESS WORLDWIDE

CALIFORNIA MARKET OVERVIEW

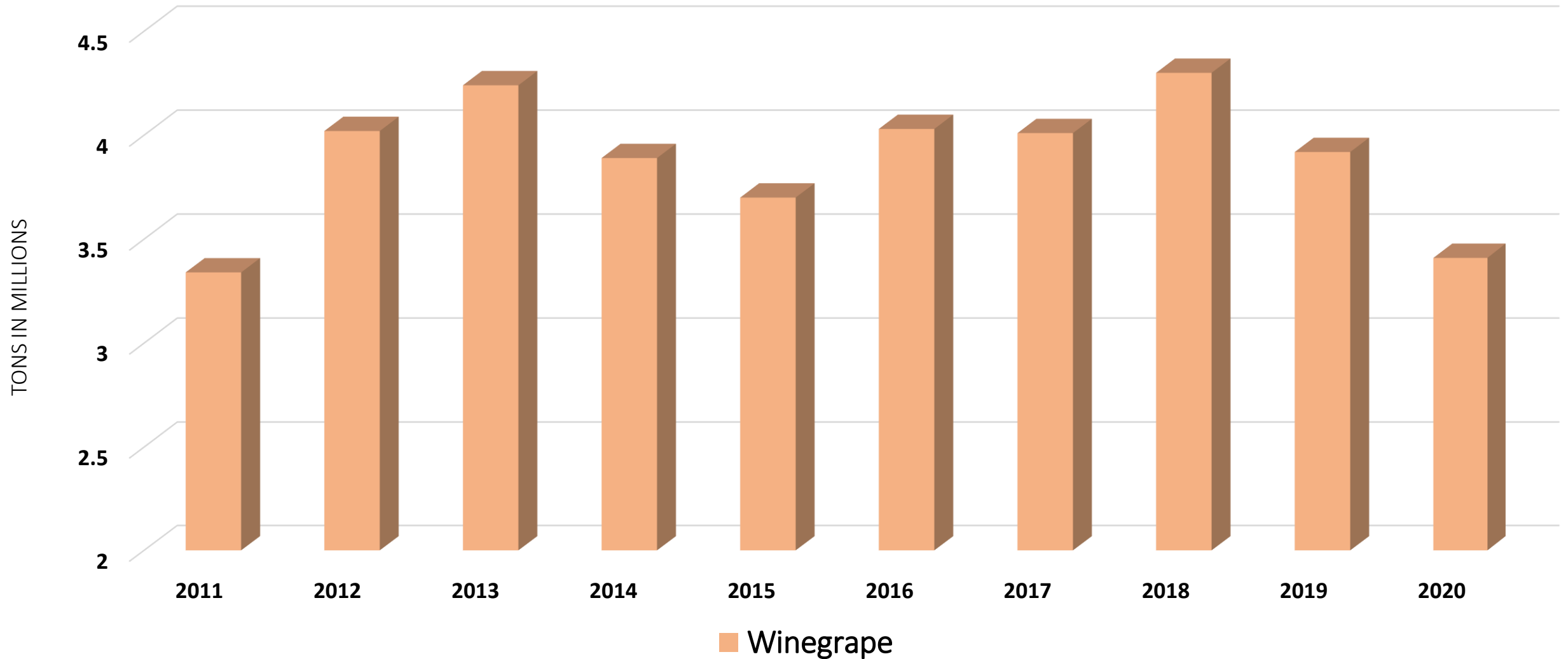
- ❖ Casegood growth has held its own in the Pandemic
 - ❖ Off Premise has seen a big bump
 - ❖ On Premise has seen challenges
- ❖ Begin 2021 with Lower Inventories
 - ❖ Small 2020 Crop – 3.40M Tons
 - ❖ Limited Bulk Inventory Available
 - ❖ Bulk Activity has seen a rebound as well as bulk and grape prices
- ❖ Challenges will continue – given the unknowns
 - ❖ Bulk Wine and Grape Activity will be better than the last few years
 - ❖ Limits remain given the continued uncertainties



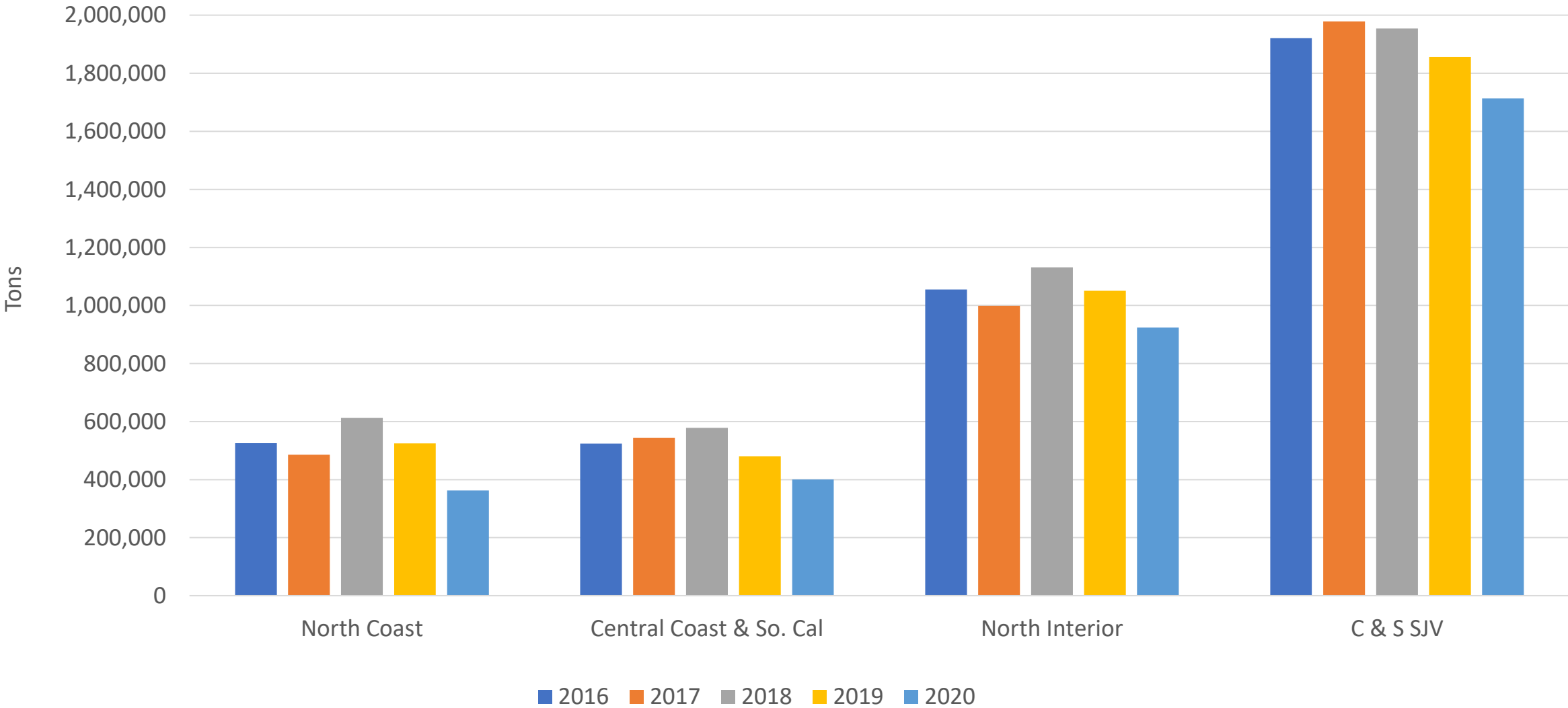
2020 CRUSH

CALIFORNIA

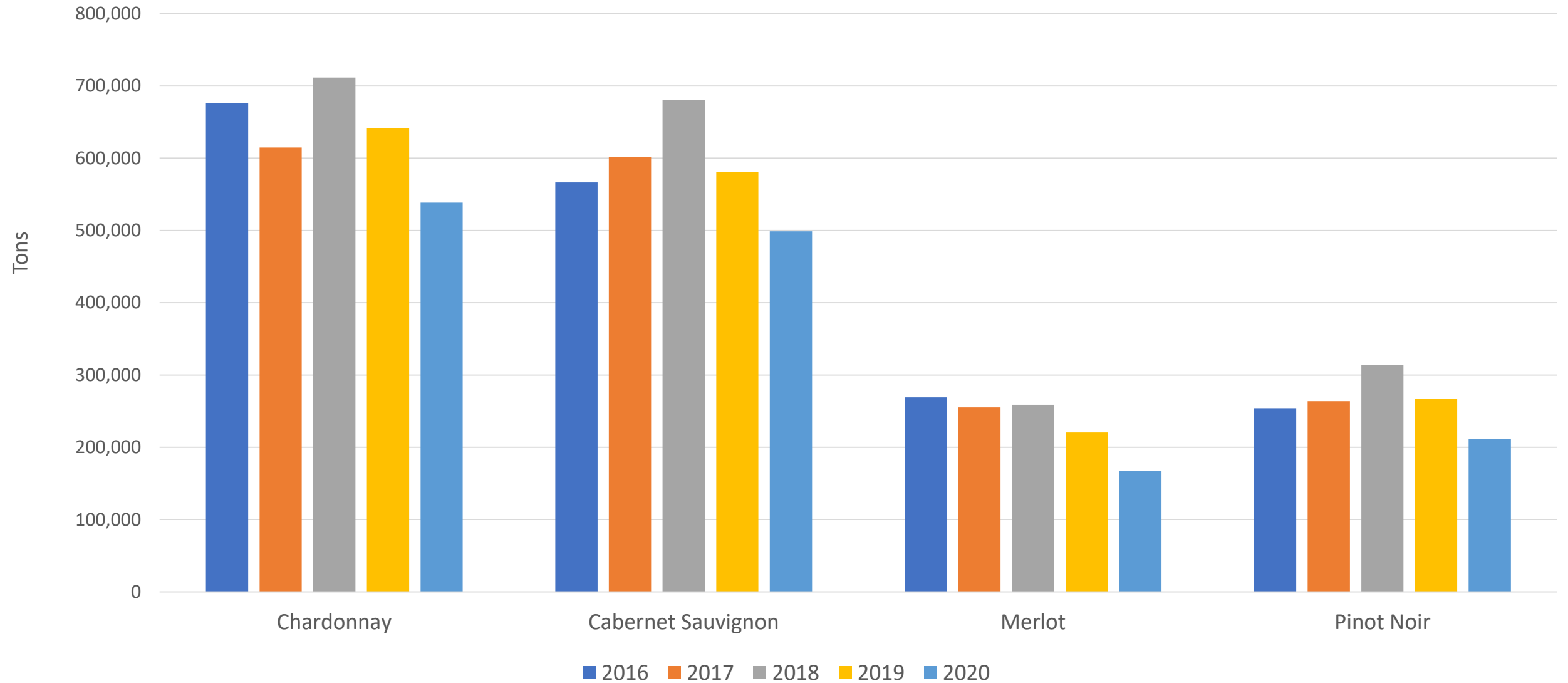
STATEWIDE GRAPE CRUSH



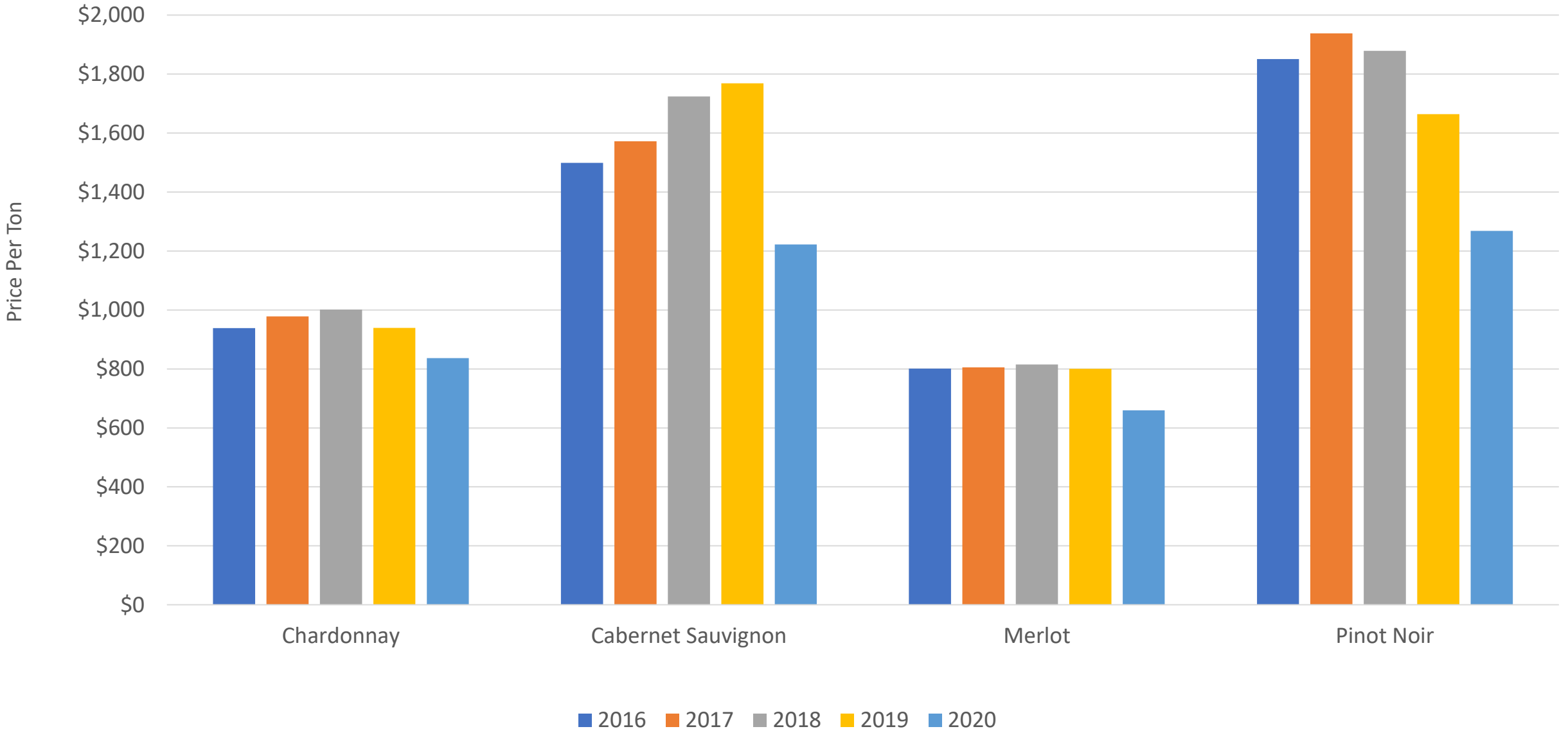
STATE REGIONAL TOTAL TONS



STATE TONNAGE TOTAL BY VARIETY



STATEWIDE AVERAGE PRICES



CALIFORNIA STATE RESULTS

State Tonnage Totals	2019	2020	% Chg	2019	2020	% Chg
Total Wine	3,919,146	3,404,298	- 13.1%	\$831	\$680	- 18.1%
Total Red	2,157,061	1,813,963	- 15.9%	\$1,021	\$791	- 22.5%
Total White	1,762,085	1,590,334	- 9.7%	\$601	\$555	- 7.7%
CH	642,067	538,552	- 16.1%	\$939	\$828	- 11.8%
SB	120,522	125,245	+ 3.9%	\$1,101	\$901	- 18.2%
CS	580,945	498,975	- 14.1%	\$1,767	\$1,231	- 30.4%
ME	220,440	167,306	- 24.1%	\$800	\$658	- 17.7%
PN	266,815	211,194	- 20.8%	\$1,880	\$1,208	- 35.8%
ZN	349,061	297,726	- 14.7%	\$621	\$584	- 6.0%

SONOMA & NAPA

Sonoma District 3	2019	2020	% Chg	2019	2020	% Chg
CH	72,136	47,747	- 33.8%	\$2,397	\$2,288	-4.5%
CS	45,948	31,486	- 31.5%	\$2,976	\$2,352	- 21.0%
ME	12,312	5,568	- 54.8%	\$1,985	\$1,542	- 22.3%
PN	47,178	28,772	- 39.0%	\$3,911	\$3,125	-20.1%
ZN	14,818	8,253	- 44.3%	\$3,128	\$2,612	- 16.5%
District Total	229,792	147,211	- 36.0%	\$2,806	\$2,362	-15.8%
Napa District 4	2019	2020	% Chg	2019	2020	% Chg
CH	22,856	14,833	- 45.5%	\$2,929	\$2,934	+ 0.2%
CS	81,810	46,903	- 15.9%	\$7,866	\$6,186	- 21.3%
ME	12,356	7,080	- 62.1%	\$3,939	\$3,117	- 20.9%
PN	8,606	6,323	- 14.5%	\$2,742	\$2,433	- 11.3%
ZN	3,590	1,869	- 40.6%	\$4,279	\$4,013	- 6.2%
District Total	159,721	98,262	- 38.5%	\$5,668	\$4,482	- 20.9%

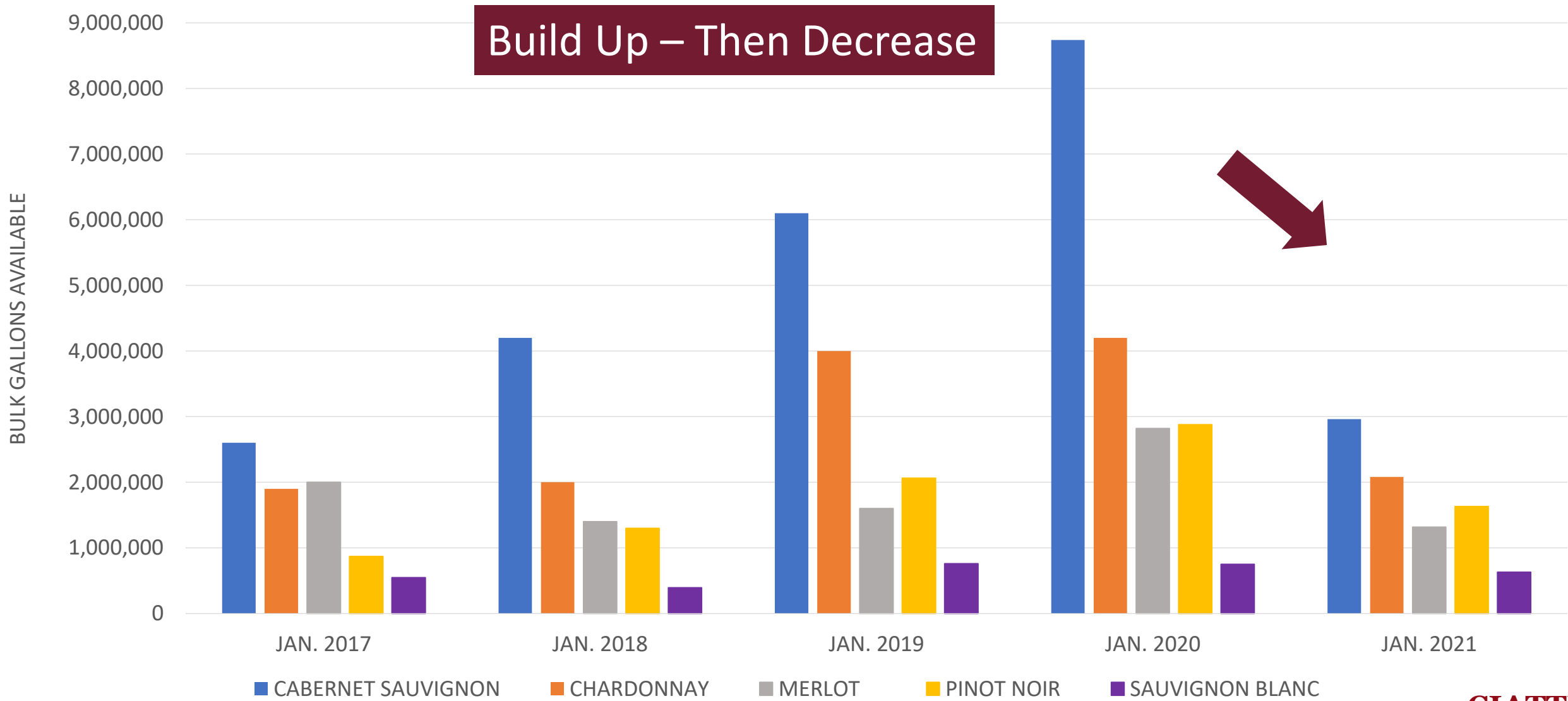
MENDOCINO

	2019	2020	% Chg	2019	2020	%Chg
Chard	22,341	21,495	- 3.8%	\$1,362	\$1,159	- 14.9%
Cab Sauv	12,944	8,720	- 32.6%	\$2,103	\$1,757	- 16.5%
Merlot	3,933	2,608	- 33.7%	\$1,338	\$1,170	- 12.6%
Pinot Noir	10,013	7,903	- 21.1%	\$3,073	\$2,774	- 9.7%
Zinfandel	4,794	4,214	- 12.1%	\$1,710	\$1,634	- 4.5%
District Total	67,738	55,161	- 18.6%	\$1,697	\$1,474	- 13.1%

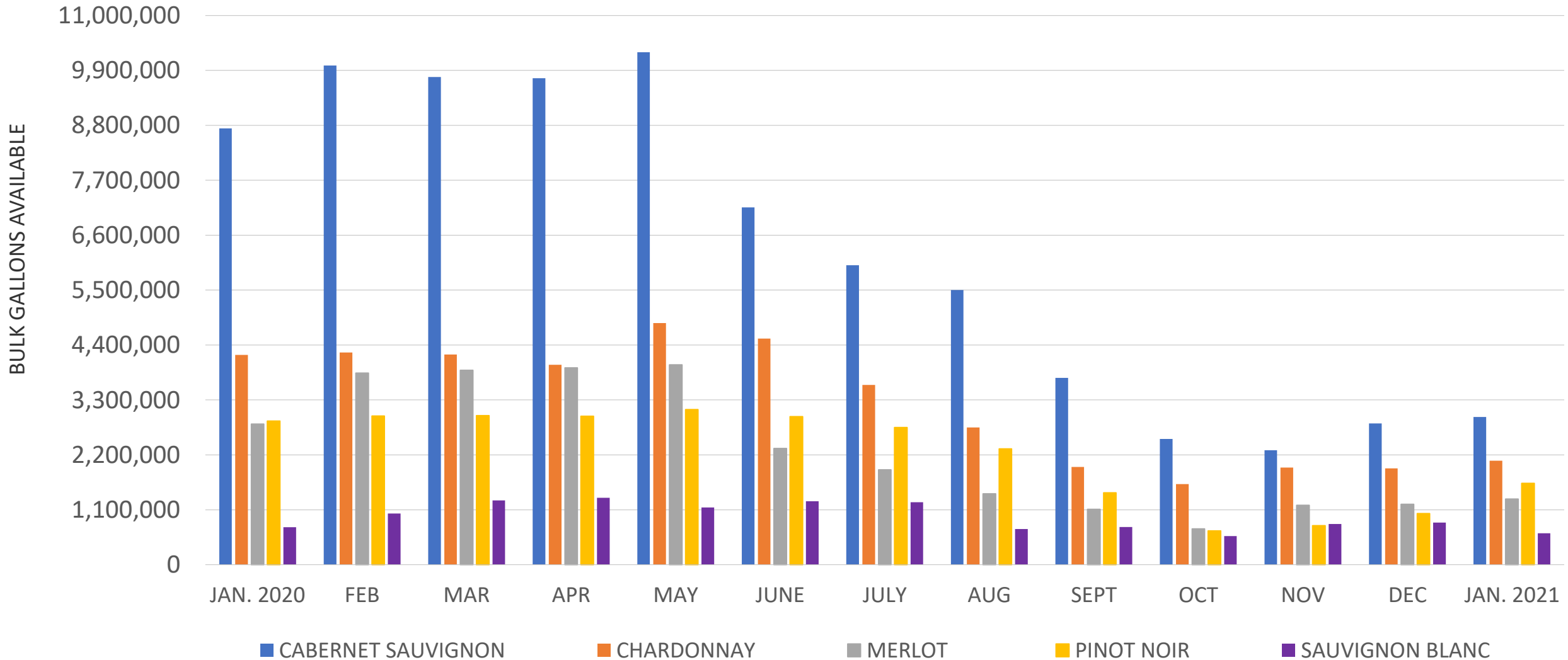


BULK MARKET

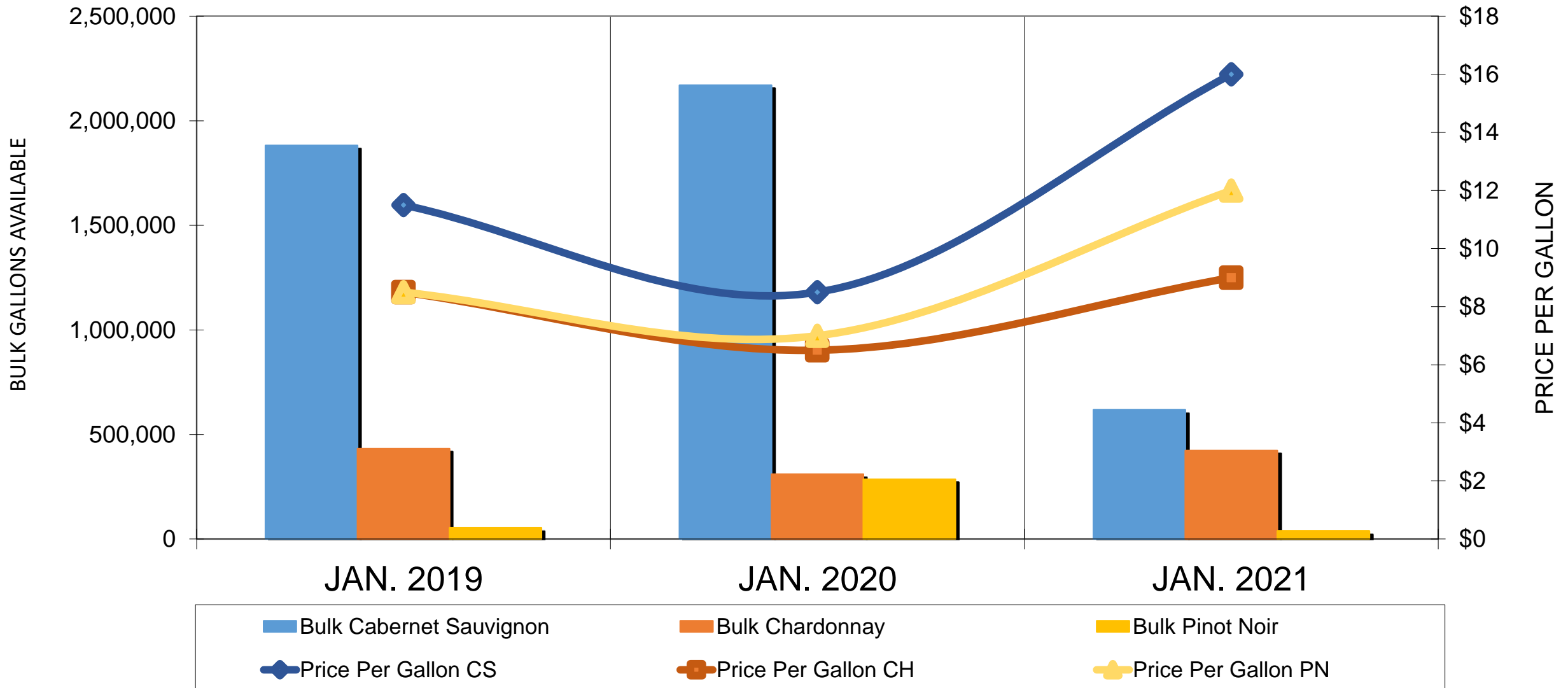
CALIFORNIA BULK WINE INVENTORY



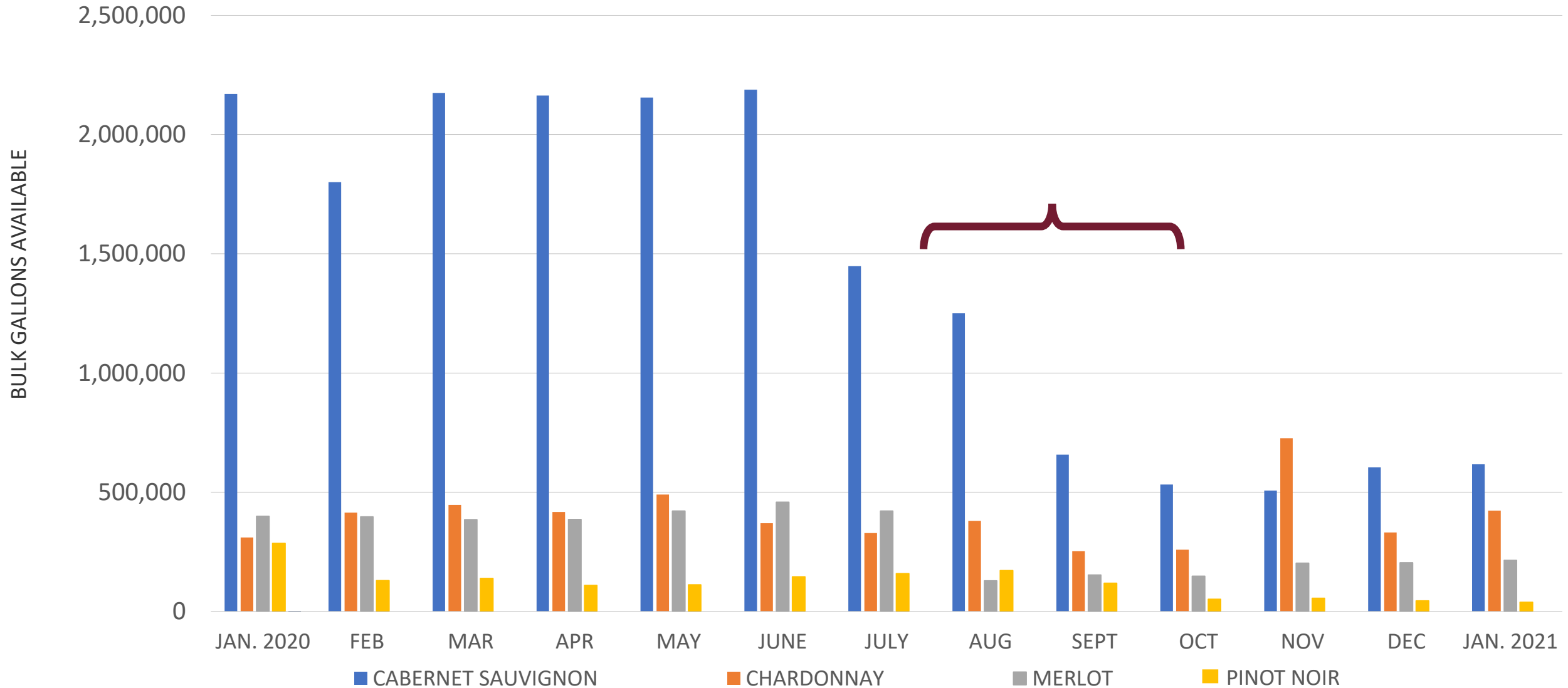
CALIFORNIA BULK WINE INVENTORY JAN 2020 - JAN 2021



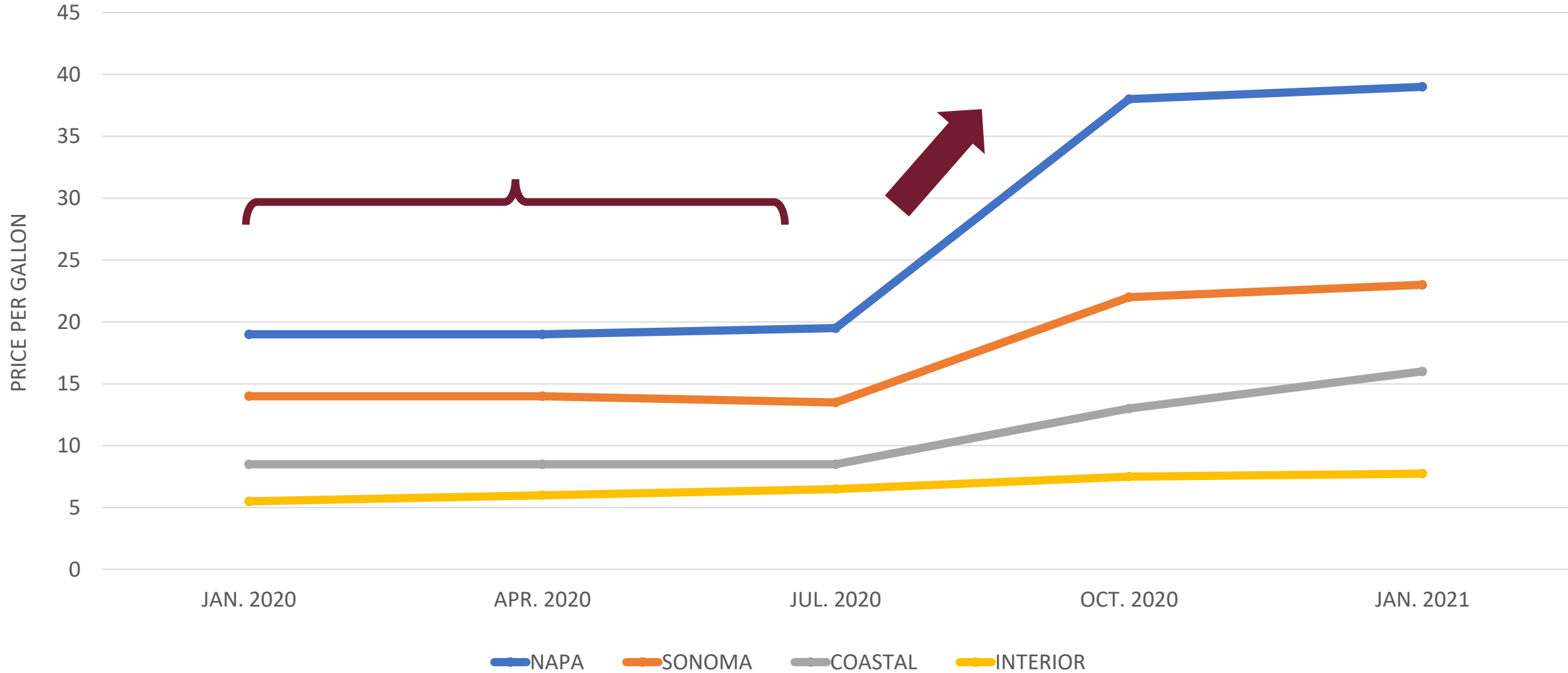
MENDOCINO Inventory and pricing by year



MENDOCINO JAN 2020 - JAN 2021



CABERNET SAUVIGNON BULK PRICING



A stylized illustration of a bunch of grapes and leaves. The grapes are represented by various shades of green and brown circles, and the leaves are grey. The background is white.

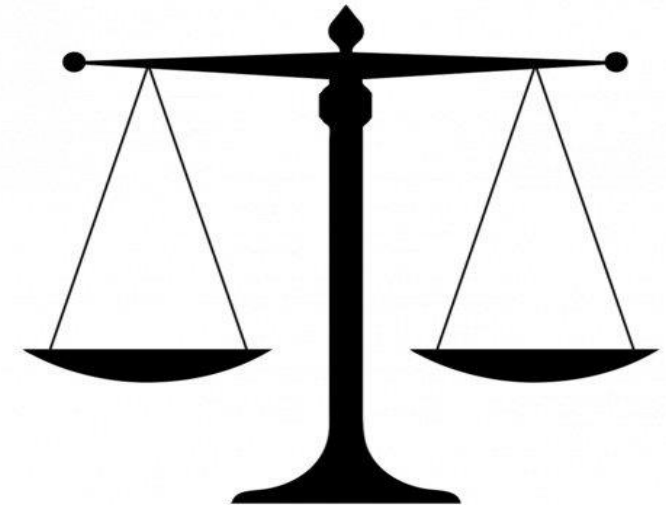
GRAPE MARKET

2021 EXPECTED GRAPE MARKET

- ❖ Seeing much better activity than 2020
 - ❖ Short 2020 Crop, Low Bulk Inventories
- ❖ Strong Buying activity in the Central Valley
- ❖ Coastal Regions activity improving but still weaker than rest of California
 - ❖ More Grapes Uncommitted
- ❖ Some Wineries still cautious given the Pandemic and unknowns regarding future sales.
- ❖ Pricing may be below where growers would like it – but an improvement from last year.
- ❖ Buyers will need supply to reload from 2020

CALIFORNIA SUPPLY DEMAND BALANCE

- ❖ Overall Market moving to balanced
 - ❖ It may continue to tighten during the year
 - ❖ Coastal regions may be a question as we get into 2020v
- ❖ Tenuous Balance Achieved by 2020 Supply Adjustment
 - ❖ Supply Adjustment vs Demand Growth
- ❖ Questions:
 - ❖ Pandemic Effects on Wine Sales
 - ❖ Usable Wine from 2020v
 - ❖ Crop Size – 2021 does it fill or overflow



THOUGHTS

❖ Mendocino

- ❖ In the middle – much like other Coastal areas in California outside of Napa
 - ❖ Limited Appellation Specific Brands
 - ❖ Backbone of North Coast Brands
 - ❖ Challenge is we continue to see growth of Premium California Appellation – Pandemic is accelerating it. (But there is a component of Coast if many of these brands)
 - ❖ Continue to develop Quality and Efficiency – need to be able to compete on both fronts
 - ❖ Looks for opportunities outside of your “normal” buyers – adapt as the world is changing around us

Optimistic About the Future

CIATTI REPORTS / PUBLICATIONS

- CALIFORNIA MARKET REPORT
- GLOBAL MARKET REPORT
- WWW.CIATTI.COM

THANK YOU

Glenn Proctor glenn@ciatti.com

