

TREE & VINE EXPO

NOVEMBER 12, 2019

STATE OF THE WINEGRAPE INDUSTRY

*Information provided by:
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CIATTI

GLOBAL WINE & GRAPE BROKERS



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24 DEDICATED BROKERS IN 9 COUNTRIES



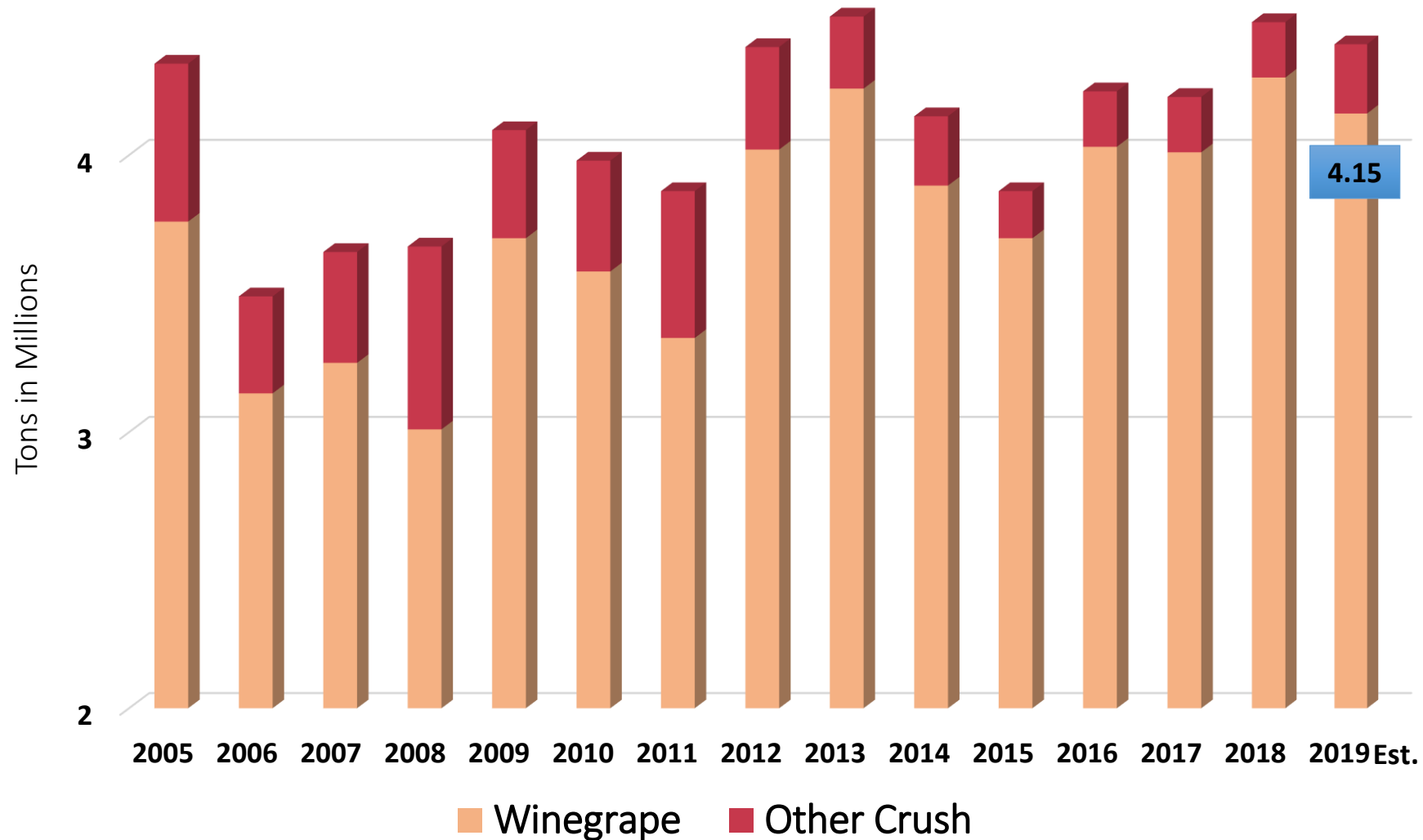
GLOBALLY BASED TO HELP BUILD YOUR BUSINESS WORLDWIDE

INTRODUCTION

- **CIATTI CO → 9 REGIONAL OFFICES
WORLDWIDE**
 - **WINE, GRAPES, & CONCENTRATE, ETC**
 - **PROCESSING AND STORAGE**
- **GLOBAL PERSPECTIVE**
 - **WORLD APPROACH – LOCAL
KNOWLEDGE**

CALIFORNIA

STATEWIDE GRAPE CRUSH





REGIONAL MARKET

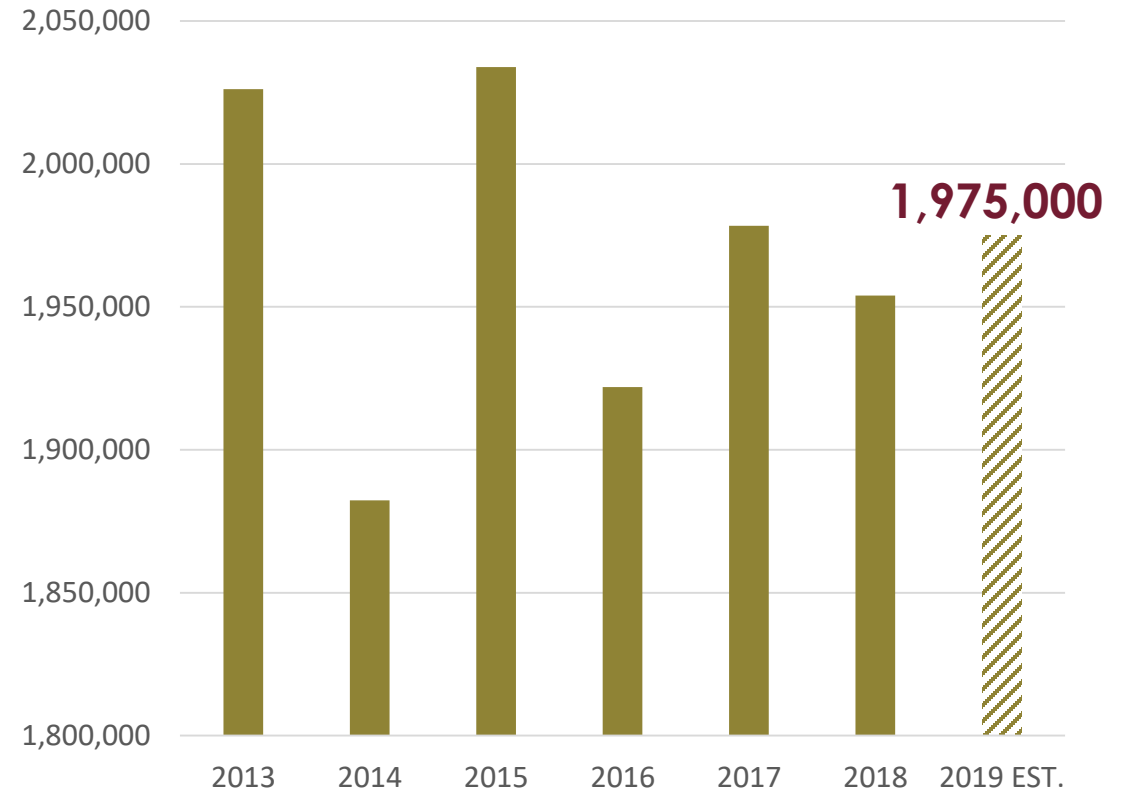
SOUTHERN INTERIOR

- HARVEST

- LATER THAN RECENT YEARS
- MILD WEATHER
- SOME MILDEW PRESSURE

- MARKET

- VERY QUIET
- BIG WINERIES NOT BUYING
EXTRA GRAPES



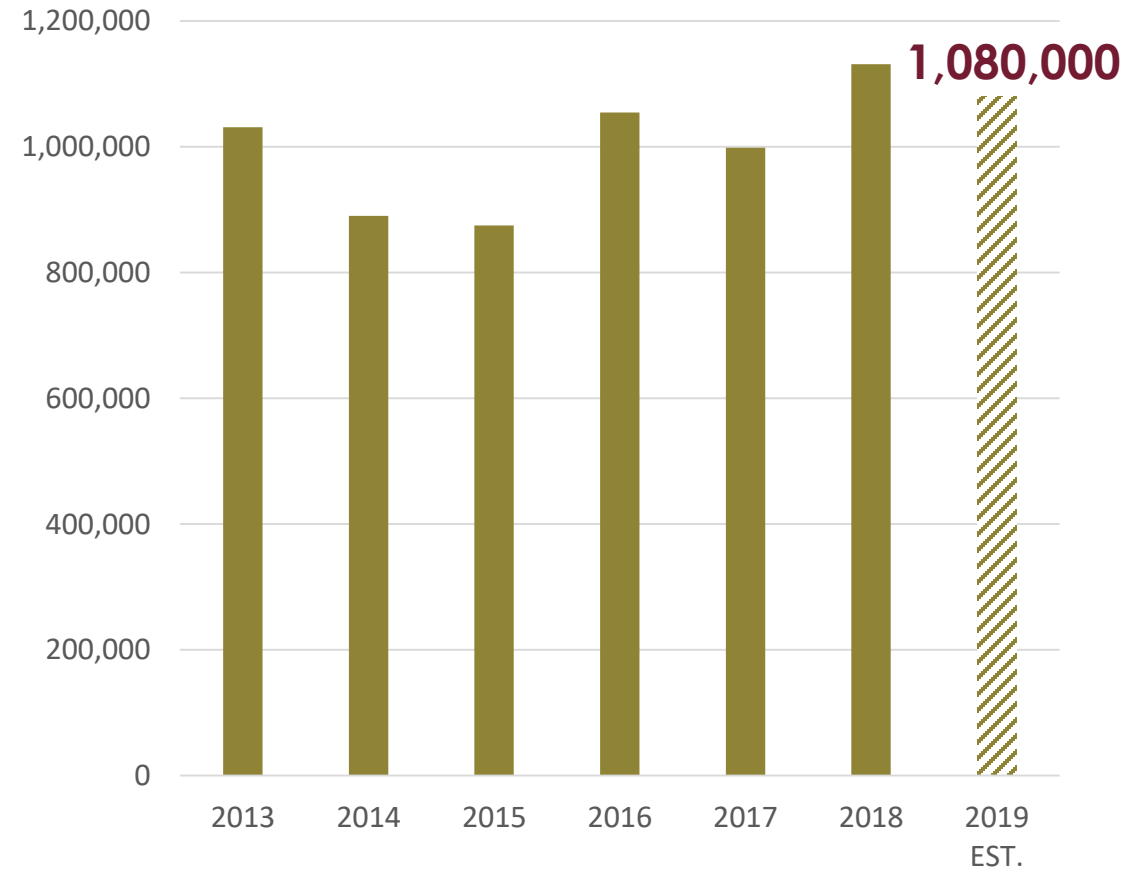
NORTHERN INTERIOR

- HARVEST

- LATER THAN RECENT YEARS
- MILD GROWING SEASON
- NOT AS COMPACTED AS RECENT YEARS

- MARKET

- NO SPOT BUYERS
- NO "CLEAN UP" BUYERS
- A FEW SMALL WINERIES BOUGHT SPECIFIC VARIETIES
- MORE REMOVALS



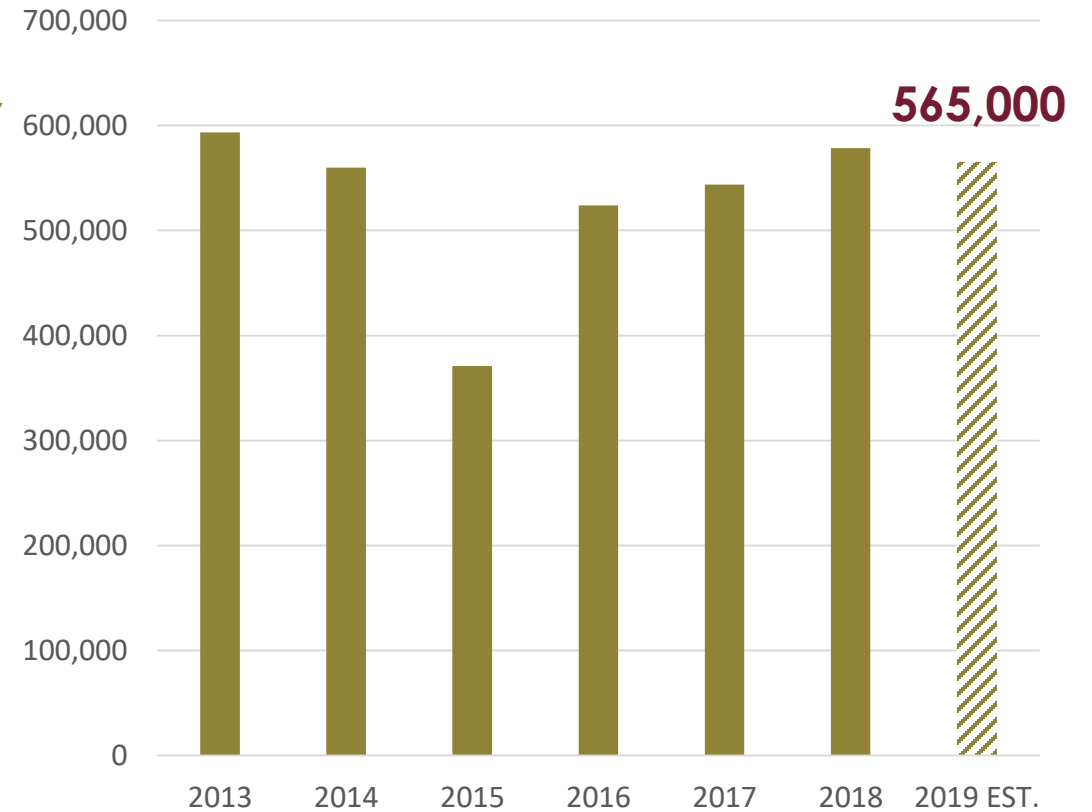
CENTRAL COAST

- HARVEST

- LATER THAN NORMAL HARVEST
- EXTENDED HARVEST HELPED MATURITY
- YIELDS VARIED, NEW VS. OLD VINES
- NO CLEAN UP ACTIVITY
- FINISHED LATE BUT GOOD

- MARKET

- SLOW MARKET
- CA PRICING
- MARKET SUSCEPTIBLE WHEN OVER SUPPLY (PASO ROBLES)
- TOO MUCH CAB PLANTED?
- FRUIT UNPICKED



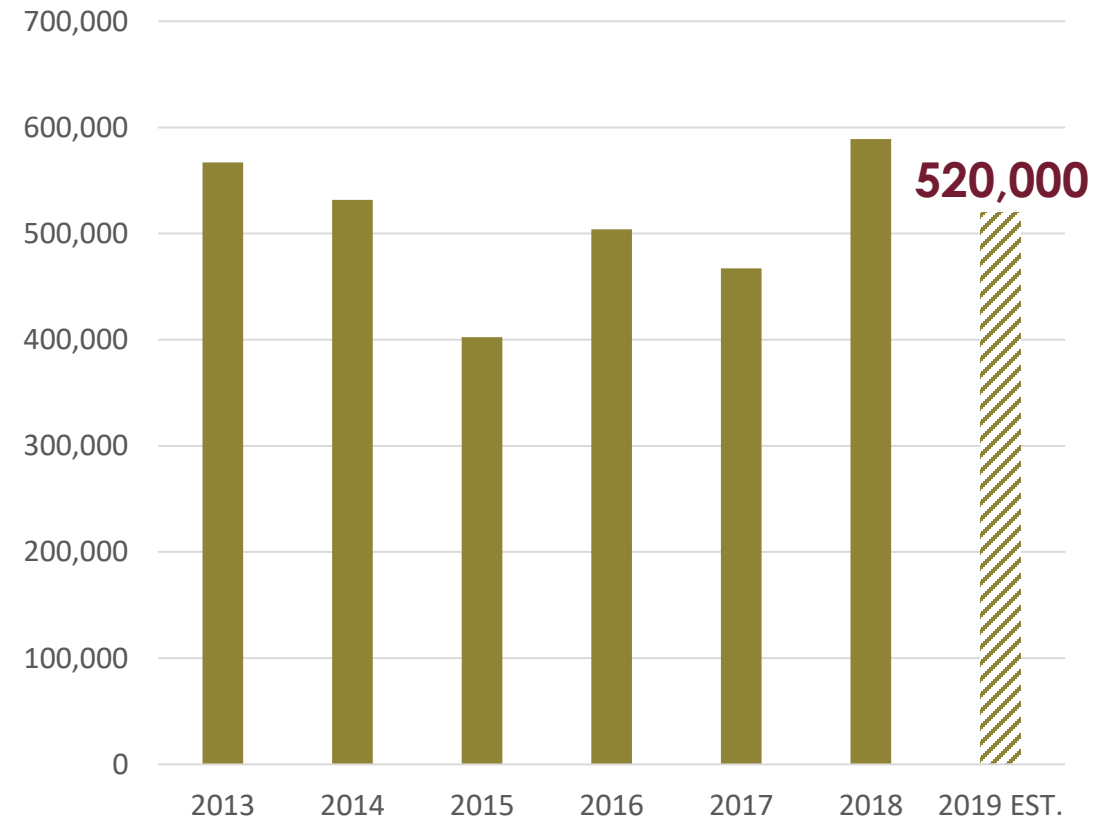
NORTH COAST

- HARVEST

- BUYING ACTIVITY QUIET
- LATE SEASON “CHEAP” BUYERS
- CROP FEELS “NORMAL”
- FIRE CHALLENGE

- MARKET

- EARLY CAB BUYERS SLOWED SIGNIFICANTLY
- CAPACITY ISSUE
- WINERIES BECOMING SELLERS
- WINERY PRESSURE ON QUALITY





KEY VARIETIES

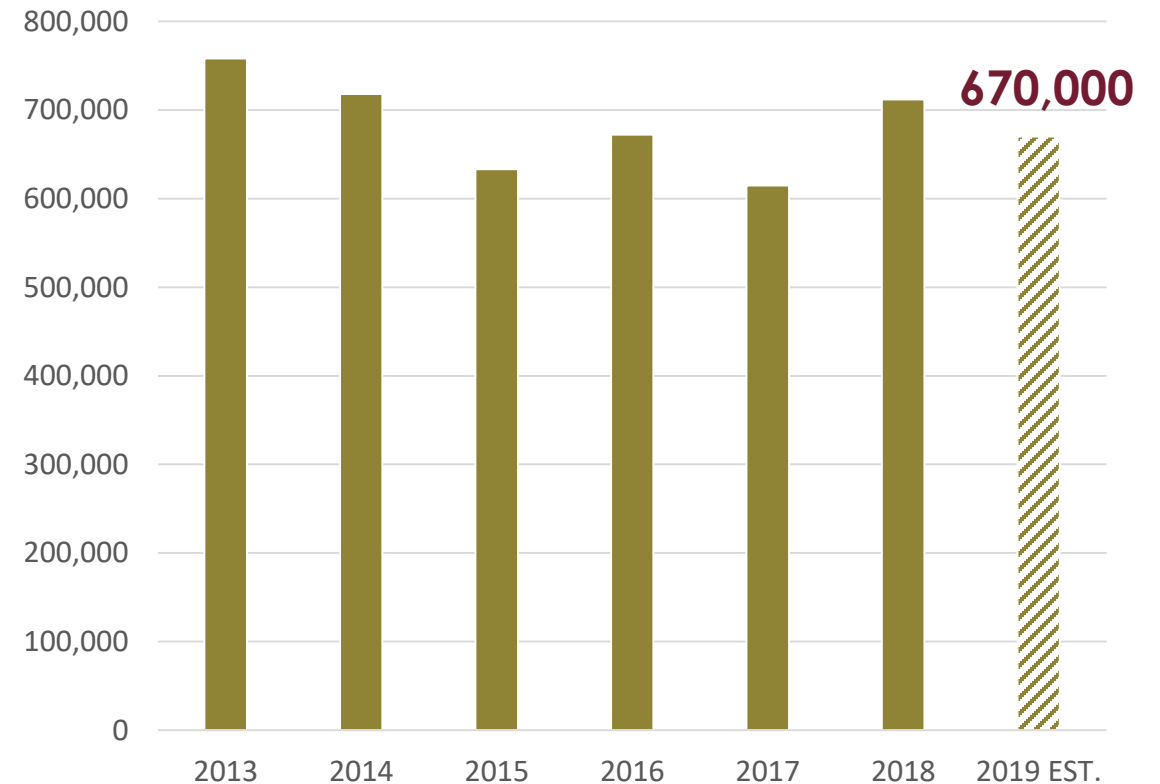
CHARDONNAY

- GRAPES

- YIELDS LOOKS AVG
- SOME MILDEW ISSUES
- INTERIOR ALL GOT PICKED
- AGING VINES

- BULK WINE

- BACK UP OF INVENTORY
- MOSTLY COASTAL (75%)
- PRICE DROPPED, SOME COASTAL NOW CA PRICE



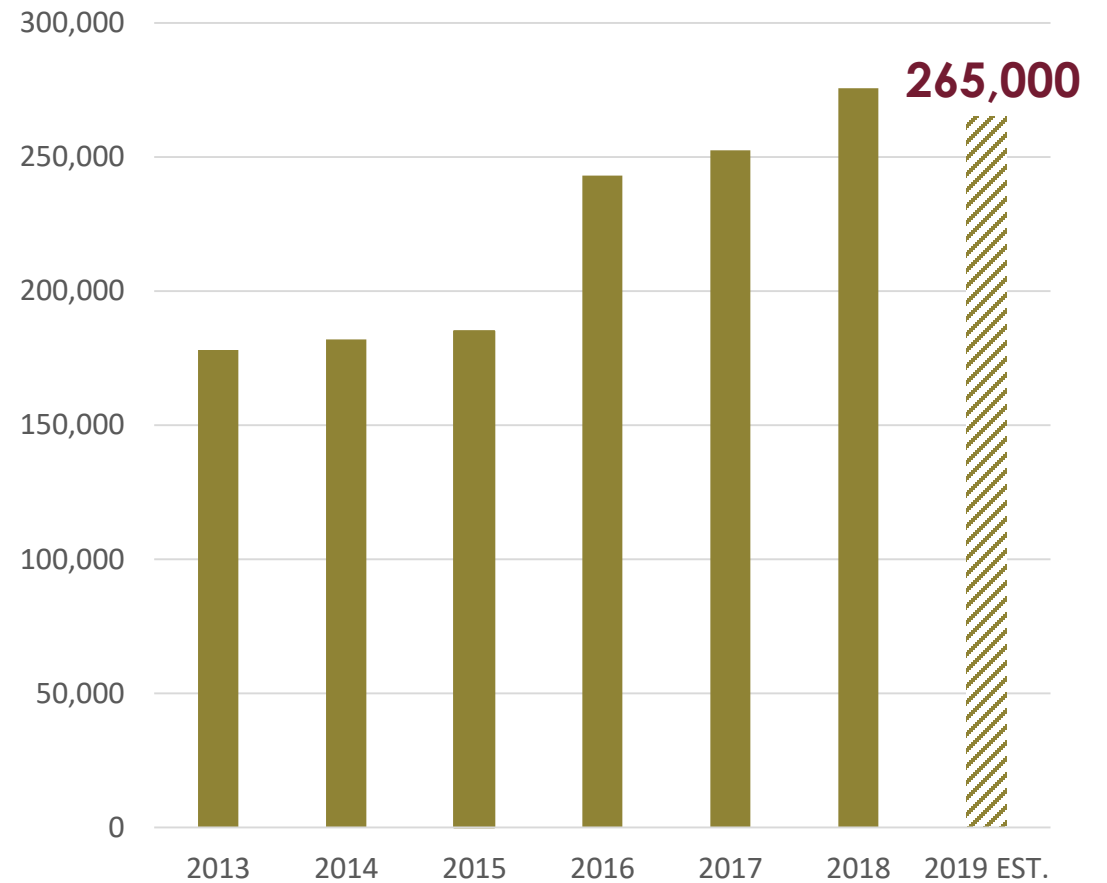
PINOT GRIGIO

- GRAPES

- YIELDS WERE SPOTTY
- NO ADDITIONAL ACRES
- SOME LOW PRICE ACTIVITY

- BULK WINE

- MAY BE THE MOST BALANCED
- ALMOST ALL CA APP
- MARKET SLOWS AFTER FEB



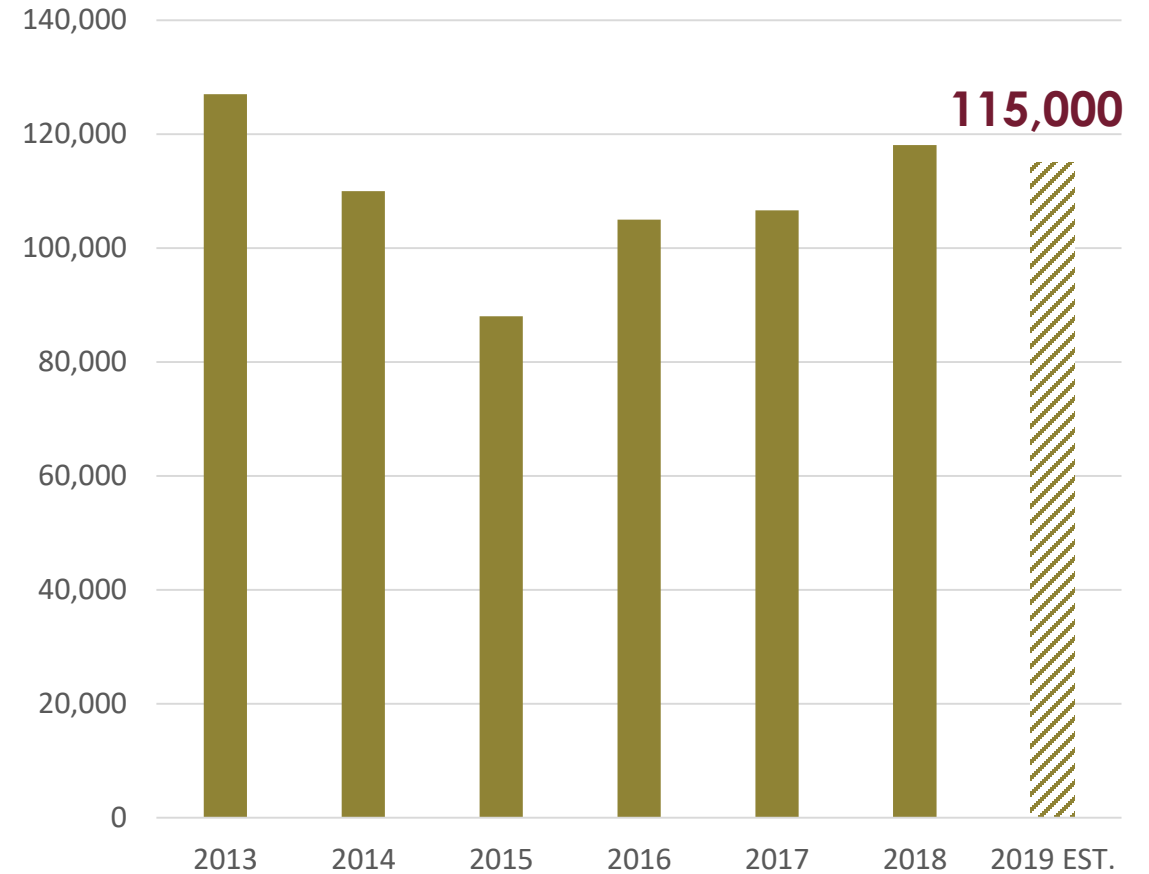
SAUVIGNON BLANC

- GRAPES

- MOSTLY CONTRACTED
- YIELDS AVERAGE
- NEW PLANTINGS/GRAFTINGS PRODUCING

- BULK WINE

- BALANCED INVENTORIES IN TERMS OF REGION CA/COAST
- SHOULD WORK THROUGH SLIGHT VOLUME ISSUES



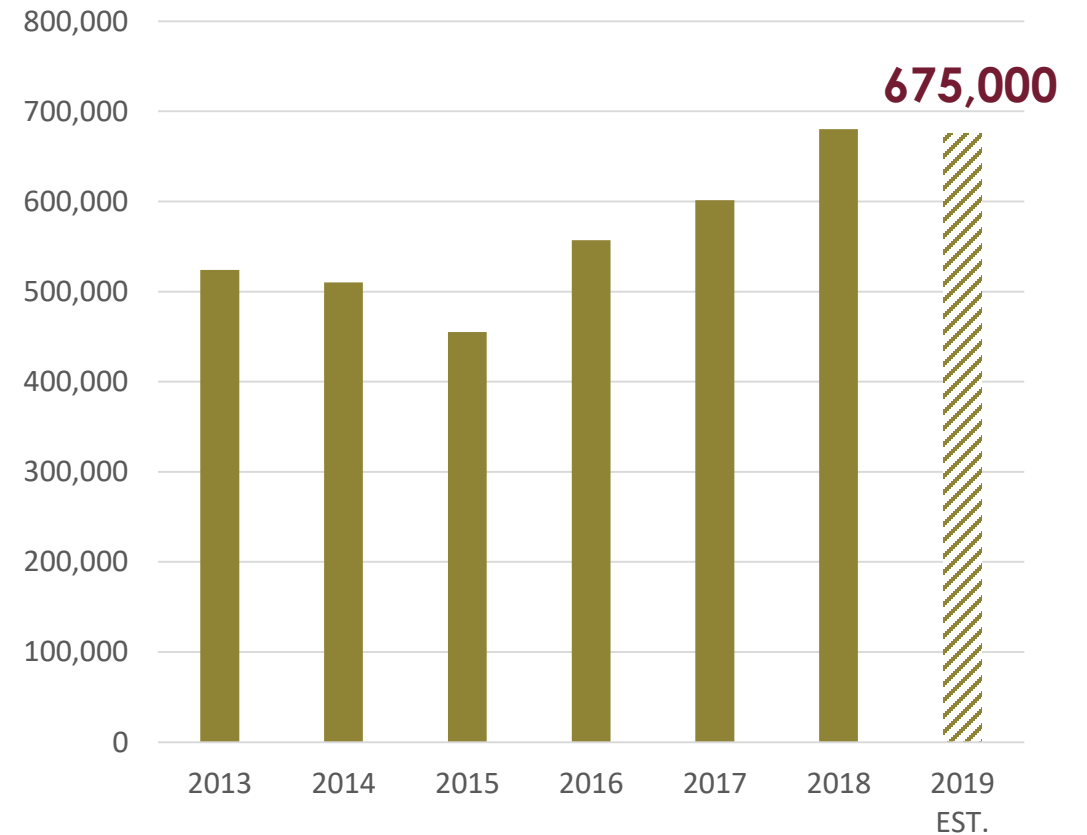
CABERNET SAUVIGNON

- GRAPES

- RECORD CROP AGAIN?
- ACREAGE MATURES
- NEW PLANTINGS PRODUCING
- MARKET HIT WALL
- SOME GRAPES WILL HANG

- BULK WINE

- LARGEST INVENTORY
- PRICE DROP CONTINUES, NAPA
LOWER PRICE ACTION
- MAJORITY COASTAL



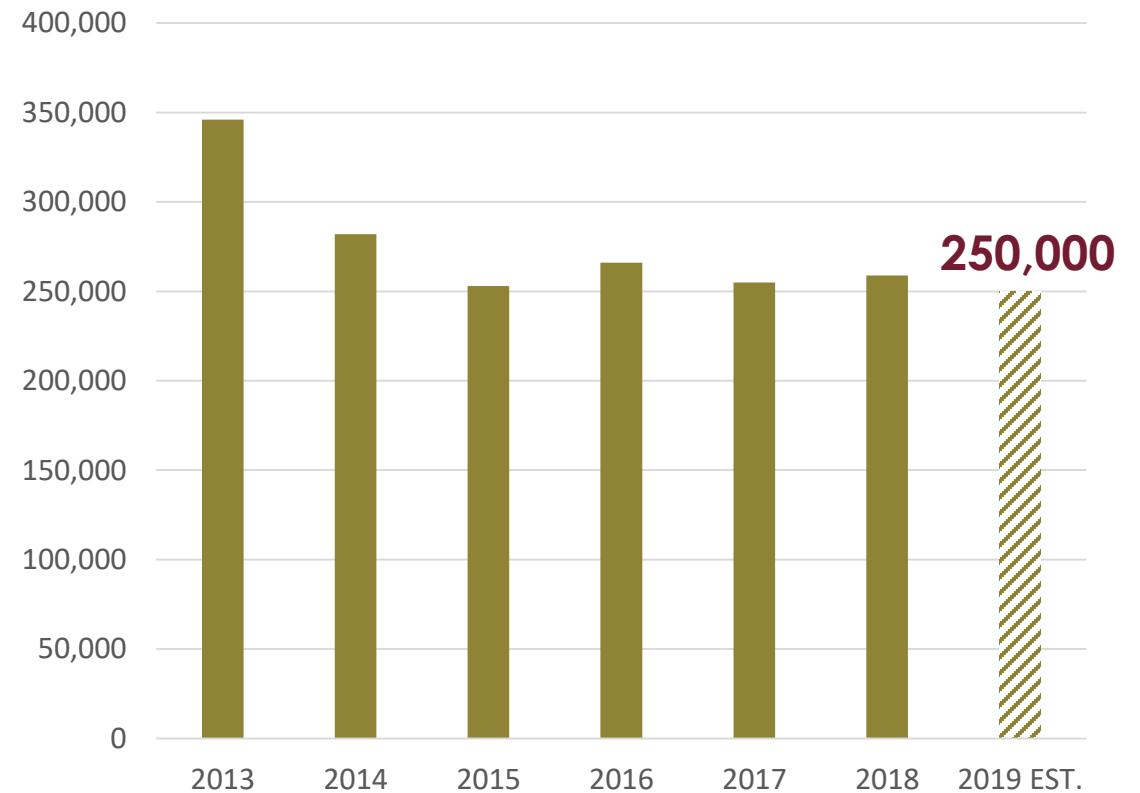
MERLOT

- GRAPES

- QUIET MARKET
- ACREAGE IN BALANCE?

- BULK WINE

- SLOW DEMAND
- DOESN'T FEEL AS BACKED UP
- MOSTLY COASTAL



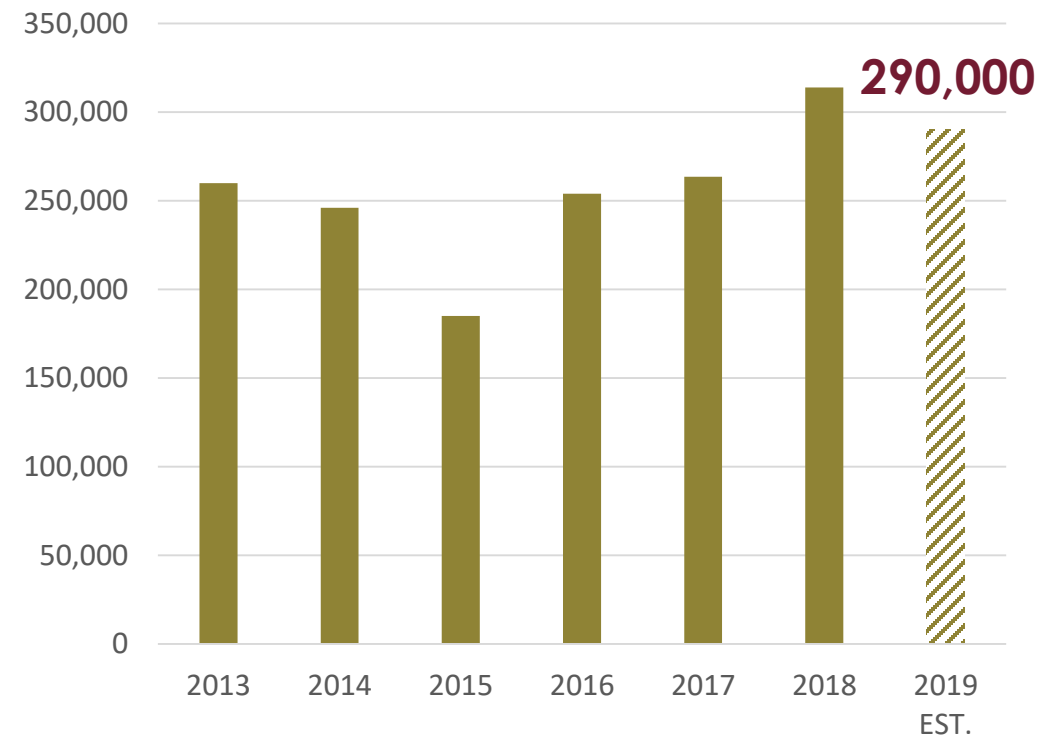
PINOT NOIR

- GRAPES

- CENTRAL COAST SEEMS BIGGER THAN NORTH COAST
- BIG DEMAND DROP ON COAST
- LATE SEASON CHEAP BUYS

- BULK WINE

- INVENTORY ISSUES
- LOWER PRICE ACTIVITY
- MOSTLY COASTAL



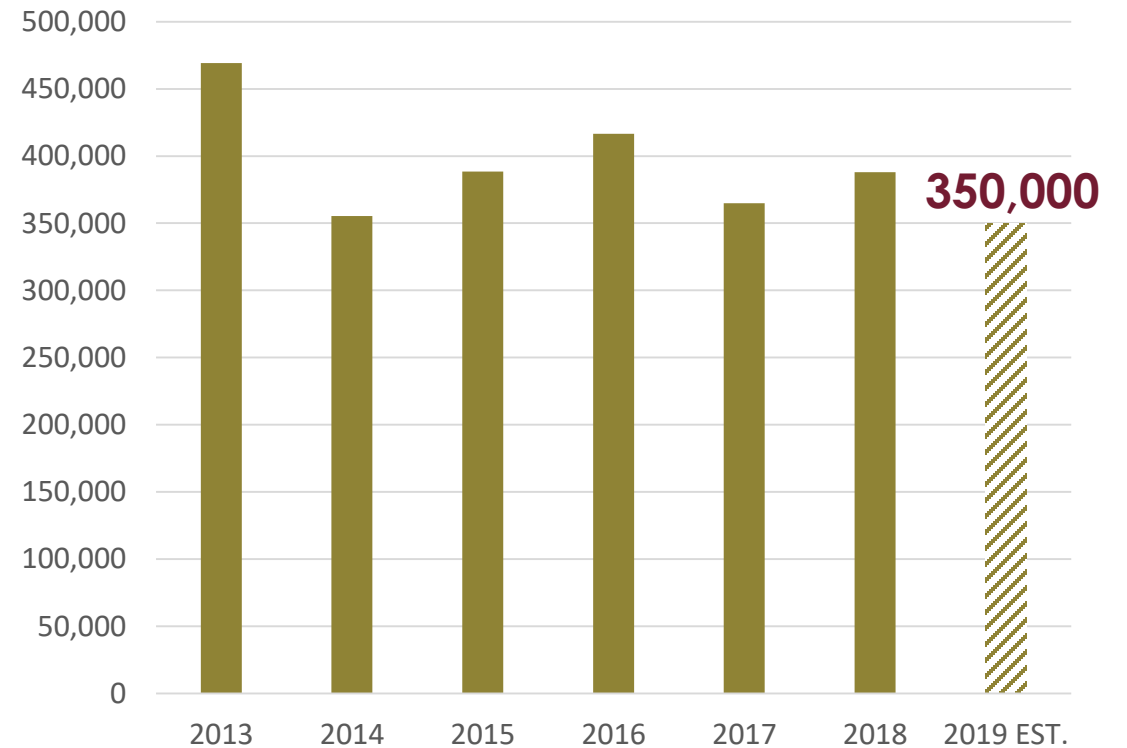
ZINFANDEL

- GRAPES

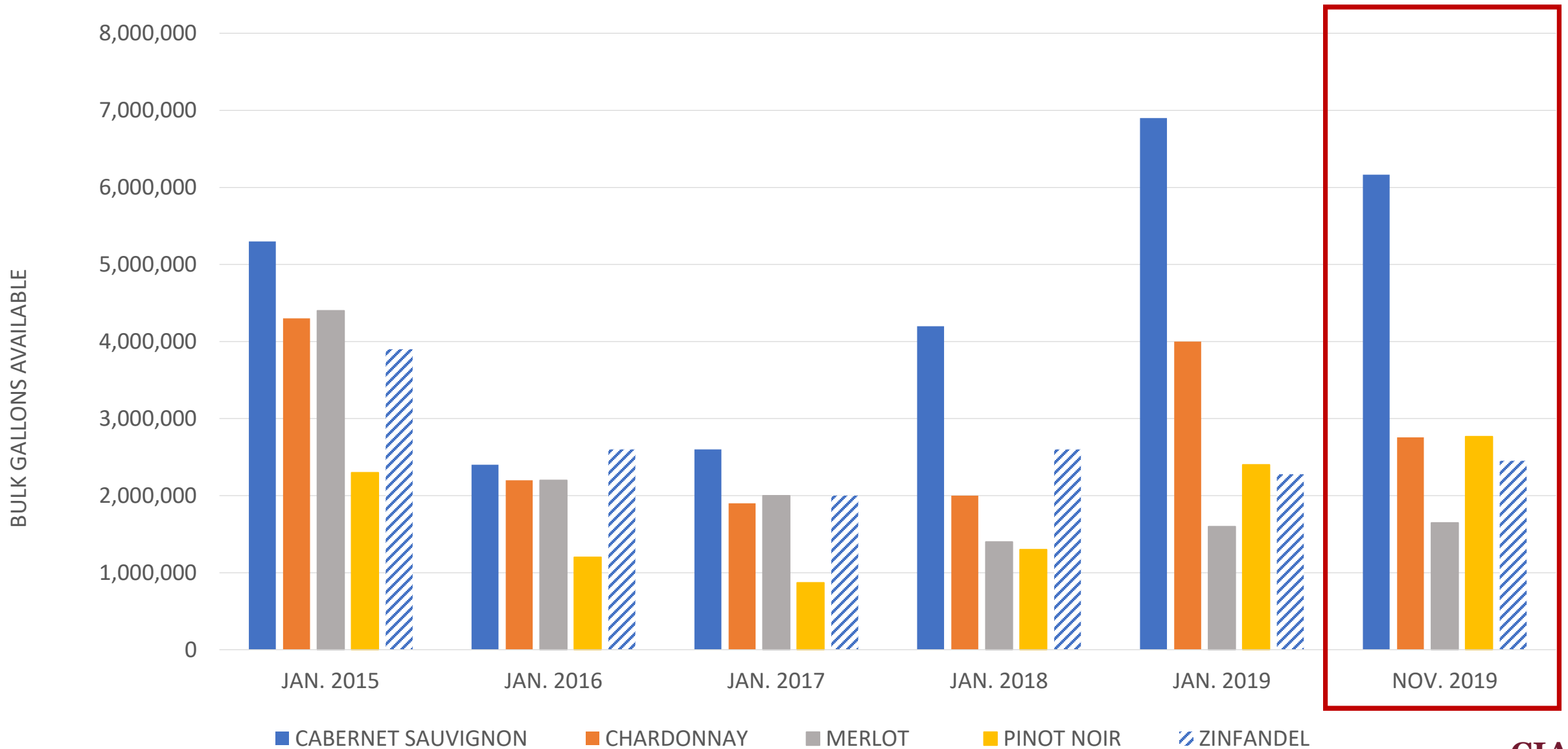
- YIELDS DOWN
- MARKET QUIET
- HAND LABOR COSTS HIGH
- REMOVALS CONTINUE

- BULK WINE

- SLOW MOVEMENT
- MOST IS LODI APPELLATION



CALIFORNIA BULK WINE INVENTORY





WINE SALES

USA SHIPMENTS – 6 months ending June 2019

TOTAL CA WINE

(LAST 6 MONTHS)

(-2%) (-2.9M CASES)

- DOMESTIC

(-0%) (-0.2M CASES)

- EXPORTS

(-28%) (-2.3M CASES)

- IMPORTS (6 months)

- CASEGOODS

(+5%) (+2.6M/CASES)

- BULK

(-7%) (-0.9M/CASES)

TOTAL US Market (YTD)

- IMPORT & DOMESTIC

(+1%) (+ 1.7M/CASES)

2019 FIRST HALF - CA TABLE WINE VOLUME

Retail Price/ 750ml Eqv.	Price Segment		Volume Change	Volume Share
Under \$4 – 5L	Economy		- 2.8%	9.9%
Under \$4 - other			- 6.8%	9.7%
\$4 - \$7 – 1.5L	Popular		- 6.3%	15.3%
\$4-\$7 - other			- 5.5%	13.7%
\$4 - \$7 – 3L	Premium Box		+ 11.4%	7.4%
\$7 - \$9	Popular Plus		- 3.2%	10.2%
\$9 - \$12	Premium		+ 1.8%	18.9%
\$12 - \$15	Premium Plus		+ 7.7%	7.6%
\$15 - \$20	Super Premium		+9.6%	4.7%
Over \$20	Luxury		+ 7.2%	2.5%

BEVERAGE ALCOHOL TRENDS (12 MONTHS TO JUNE 2019)

TYPE	% SHARE	% CHANGE
BEER	47.7%	-1.0%
SPIRITS	34.7%	+2.4%
WINE	17.6%	-1.9%

OFF PREMISE VOLUME BY VARIETAL

VARIETAL	% SHARE
CHARDONNAY	18.6%
CABERNET	14.6%
RED BLENDS	10.6%
PINOT GRIGIO	9.7%
MERLOT	6.4%
MOSCATO	6.2%
PINOT NOIR	5.2%
SAUVIGNON BLANC	5.1%

CALIFORNIA MARKET SUMMARY

- OVERALL AN IDEAL SEASON IF GRAPES WERE CONTRACTED
- VERY CONSISTENT ALL YEAR – MARKET, WEATHER, TIMING
- SPOT GRAPE MARKET ACTIVITY NONEXISTENT
- BULK WINE MARKET CONTINUED TO SOFTEN; INCREASED INVENTORIES
- OPPORTUNITIES FOR NEW BRANDS/WINE BASED PRODUCTS

CIATTI REPORTS / PUBLICATIONS

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

THANK YOU FOR YOUR TIME AND ATTENTION

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