DOING BUSINESS WITH WINE SECTOR

LEVERAGE ON SKYMINDER SOLUTIONS

SEPTEMBER 2024 SKYMINDER NEWSLETTER

Wine Sector Overview

In 2023, the global vine and wine sector faced tough challenges. With historically low production volumes and rising prices, the year was defined by the lingering effects of the global inflationary pressures that started in 2022.

Key Highlights

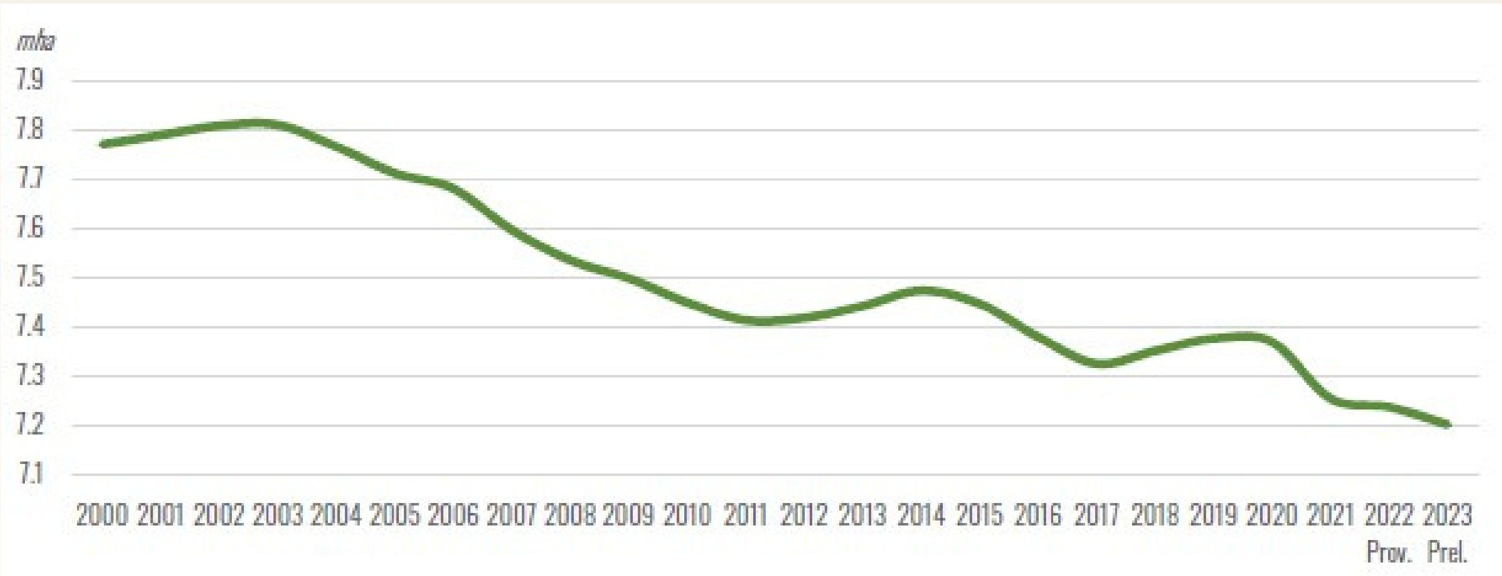
1 -Vineyard Surface Area: The world's vineyard surface area continued its decline, shrinking by 0.5% from 2022 to 7.2 million hectares. This trend, observed for the third consecutive year, was driven by the removal of vineyards in major vine-growing regions (including all types of grapes) across both hemispheres.

2- Wine production: Extreme climatic conditions and widespread fungal diseases severely impacted many vineyards worldwide, culminating in a historically low global wine production of 237 million hectolitres. This marked a 10% drop from 2022 and represented the lowest output since 1961.

3- Wine Consumption: Global wine consumption in 2023 is estimated at 221 million hectolitres, indicating a decrease of 2.6% compared to 2022's already low figures. The spike in production and distribution costs, driven by inflationary pressures, led to higher wine prices for consumers, who were already dealing with diminished purchasing power. Despite these challenges, a few major markets demonstrated resilience.

5- International trade in wine: The international trade in wine in 2023 was also notably affected by the rise in prices. Although the total volume of wine exported dropped to 99 million hectolitres, this was offset by a high export value, which reached 36 billion euros. The average price per litre of export wine hit a record high of 3.62 euros per litre.

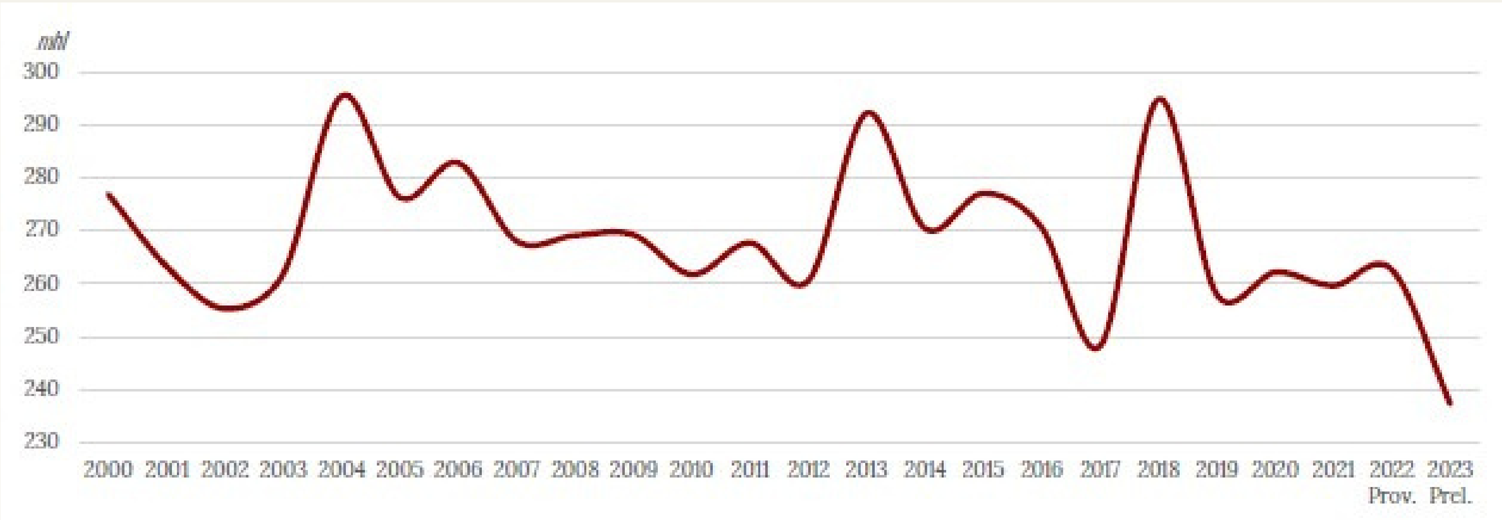
1 • VINEYARD SURFACE AREA
World vineyard In 2023, the world's vineyard surface area stands at 7.2 million hectares, marking a slight decrease of 0.5% compared to 2022.
This decline, illustrated below, signifies the third consecutive year of shrinking vineyard surfaces globally. The trend is attributed to a reduction in vineyard surface across major vine-growing countries in both hemispheres, with only a few exceptions. The trend has been noted both for wine and table grapes / dried grapes production. Moreover, China's vineyard surface, which has been one of the main drivers of the world vineyard's growth from 2012 to 2020, stabilised from 2020 onward.



2 • WINE PRODUCTION

In 2023, global wine production[3], excluding juices and musts, is estimated at 237 mhl, marking a significant decrease of nearly 25 mhl (-9.6%) compared to 2022. This downturn reflects one of the most significant declines witnessed in recent history. After maintaining production levels consistent with the 20-year average for four consecutive years, 2023's volume represents the lowest volume since 1961 (214 mhl). The sharp decline can be attributed to a confluence of adverse climatic events, including early frost, heavy rainfall, and drought, coupled with widespread fungal diseases. These factors severely impacted harvest volumes across major wine-producing regions in both the Northern and Southern Hemispheres.

Evolution of world wine production (juices and musts excluded)



Wine production (juices and musts excluded) in major countries

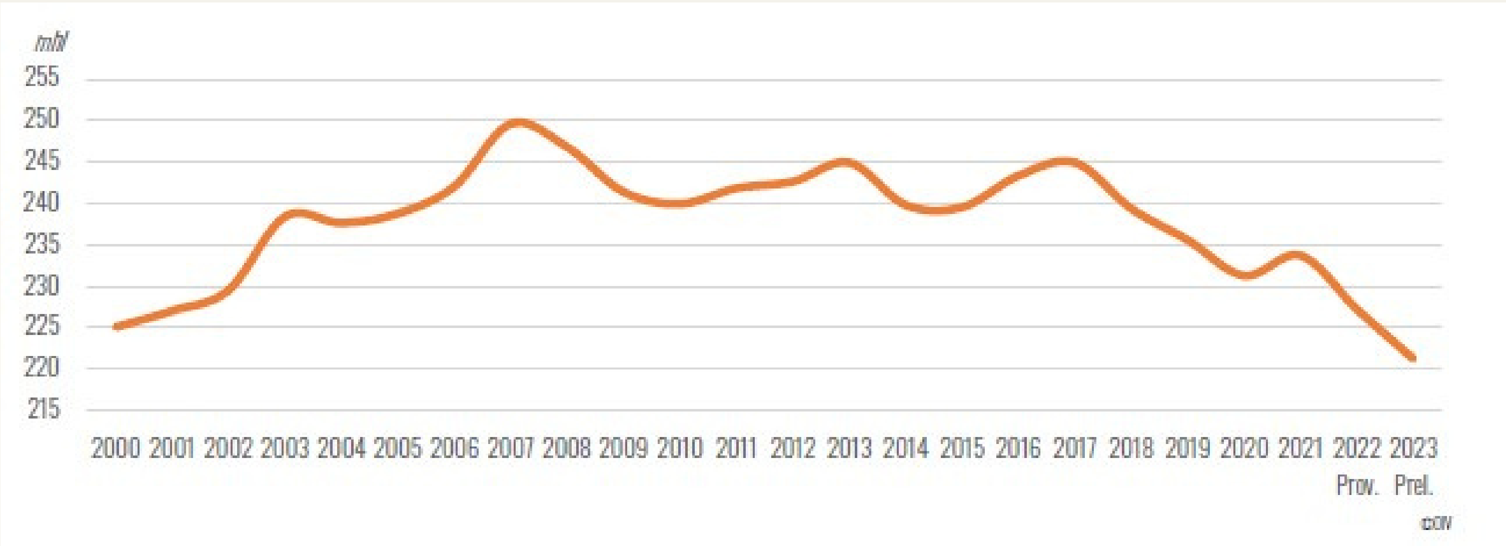
mhl	2018	2019	2020	2021	2022 Prov.	2023 Prel.	23/22 % Var.	23/avg.18-22 % Var.	2023 % world
France	49.2	42.2	46.7	37.6	46.0	48.0	4.4%	8.3%	20.2%
Italy	54.8	47.5	49.1	50.2	49.8	38.3	-23.2%	-23.9%	16.1%
Spain	44.9	33.7	40.9	35.3	35.8	28.3	-20.8%	-25.7%	11.9%
USA	*26.1*	*25.6*	*22.8*	*24.1*	*22.4*	*24.3*	8.5%	0.5%	10.2%
Chile	12.9	11.9	10.3	13.4	12.4	11.0	-11.4%	-9.7%	4.6%
Australia	12.7	12.0	10.9	14.8	13.1	9.6	-26.2%	-24.1%	4.1%
South Africa	9.5	9.7	10.4	10.8	10.3	9.3	-10.0%	-8.3%	3.9%
Argentina	14.5	13.0	10.8	12.5	11.5	8.8	-23.0%	-29.2%	3.7%
Germany	10.3	8.2	8.4	8.4	8.9	8.6	-3.8%	-2.9%	3.6%
Portugal	6.1	6.5	6.4	7.4	6.8	7.5	9.8%	13.2%	3.2%
Romania	5.1	3.8	3.8	4.5	3.8	4.6	21.2%	9.5%	1.9%
Russia	4.3	4.6	4.4	4.3	5.0	4.5	-10.0%	-0.6%	1.9%
New Zealand	3.0	3.0	3.3	2.7	3.8	3.6	-5.8%	14.3%	1.5%
Brazil	3.1	2.2	2.3	2.9	3.2	3.6	12.1%	31.4%	1.5%
China	*9.3*	*7.8*	*6.6*	*5.9*	*4.7*	*3.2*	-33.0%	-53.9%	1.3%
Hungary	3.6	2.4	2.6	2.6	2.5	2.4	-2.1%	-11.2%	1.0%
Austria	2.8	2.5	2.4	2.5	2.5	2.4	-6.5%	-6.3%	1.0%
Georgia	1.9	2.1	2.1	1.9	1.9	1.9	-3.0%	-5.8%	0.8%
Moldova	1.9	1.5	0.9	1.4	1.4	1.8	27.0%	25.0%	0.7%
Greece	2.2	2.4	2.2	2.4	2.1	1.4	-34.4%	-39.7%	0.6%
Switzerland	1.1	1.0	0.8	0.6	1.0	1.0	1.8%	11.6%	0.4%
Other countries	15.6	14.5	14.0	13.4	13.6	13.2	-2.7%	-6.9%	5.6%
World total	**294.8**	**257.9**	**262.2**	**259.7**	**262.6**	**237.3**	**-9.6%**	**-11.3%**	**100.0%**

3 • WINE CONSUMPTION

World wine consumption in 2023 is estimated at 221 mhl, marking a decrease of 2.6% compared to 2022. If this estimate is confirmed5, it would signify the lowest volume recorded since 1996. The decline in global wine consumption has followed a relatively steady trajectory since 2018. Several factors contribute to this trend. Notably, the decrease in China's consumption, averaging a loss of 2 mhl annually since 2018, has played a central role in driving down global consumption figures. The onset of the COVID-19 pandemic in 2020 exacerbated this downward trend, with lockdown measures negatively impacting major wine markets worldwide. In 2021, the relaxation of pandemic-related restrictions, coupled with the reopening of the hospitality sector (HoReCa) and the resurgence of social gatherings and festivities, led to a rebound in consumption across many countries.

However, in 2022, geopolitical tensions, particularly the conflict in Ukraine, and subsequent energy crises, along with disruptions in the global supply chain, resulted in heightened production and distribution costs. This, in turn, led to significant price increases for wine consumers, dampening overall demand. Against the backdrop of a complex economic landscape, characterised by global inflationary pressures, the major wine markets experienced notable declines in 2023. A few exceptions notwithstanding, the prevailing conditions exerted considerable pressure on consumer purchasing power, further contributing to the downturn in wine consumption worldwide recorded in the last two years.

Evolution of world wine consumption



Wine consumptions in major countries

mhl	2018	2019	2020	2021	2022 Prov.	2023 Prel.	23/22 % Var.	2023 % world
USA	33.7	34.3	32.9	33.1	34.3	33.3	-3.0%	15.1%
France	26.0	24.7	23.2	24.9	25.0	24.4	-2.4%	11.0%
Italy	22.4	22.6	24.2	24.2	22.4	21.8	-2.5%	9.9%
Germany	19.7	19.5	19.8	19.9	19.4	19.1	-1.6%	8.6%
UK	12.9	12.6	13.7	13.9	13.1	12.8	-2.9%	5.8%
Spain	10.7	10.2	9.2	10.3	9.6	9.8	1.7%	4.4%
Russia	8.6	8.7	8.5	8.1	8.4	8.6	3.0%	3.9%
Argentina	8.4	8.5	9.4	8.4	8.3	7.8	-6.2%	3.5%
China	17.6	15.0	12.4	10.5	9.1	6.8	-24.7%	3.1%
Portugal	5.1	5.4	4.4	5.3	6.1	5.5	-9.2%	2.5%
Australia	5.3	5.8	6.0	5.6	5.4	5.4	-0.1%	2.4%
Canada	5.1	5.2	5.3	5.3	5.1	4.8	-5.6%	2.2%
South Africa	4.0	3.7	3.0	3.9	4.6	4.5	-1.8%	2.0%
Brazil	3.3	3.6	4.1	4.1	3.6	4.0	11.6%	1.8%
Netherlands	3.6	3.5	3.7	3.7	3.6	3.3	-9.2%	1.5%
Japan	3.5	3.5	3.5	3.1	3.2	3.2	2.1%	1.5%
Romania	3.9	2.2	2.6	3.7	2.5	3.0	20.1%	1.4%
Switzerland	2.4	2.6	2.5	2.6	2.4	2.3	-3.0%	1.0%
Austria	2.4	2.3	2.3	2.4	2.4	2.3	-2.1%	1.0%
Czech Republic	2.0	2.2	2.1	2.2	2.2	2.2	-3.7%	1.0%
Other countries	38.8	39.5	38.6	38.6	36.6	36.3	-0.8%	16.4%
World total	239	236	231	234	227	221	-2.6%	100.0%

Figures in italics: OIV estimates
Sources: OIV, FAO, National Statistical Offices, Specialised Press

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4 • INTERNATIONAL TRADE IN WINE

In 2023, low production volumes in the Southern Hemisphere, high average export prices and weakened international demand significantly impacted the global wine export volume, which decreased by 6.3% to 99.3 mhl, the lowest recorded since 2010. The largest contributors to this decline in world trade volume with respect to 2022 are Chile (-1.5 mhl), South Africa (-0.9 mhl), France (-0.8 mhl), the USA (-0.7 mhl), New Zealand (-0.7 mhl), and Argentina (-0.7 mhl). Despite a 4.7% decrease compared to the record high of 2022, the global wine export value in 2023 reached 36.0 billion EUR, the second highest ever recorded.

Evolution of international trade in wine by volume

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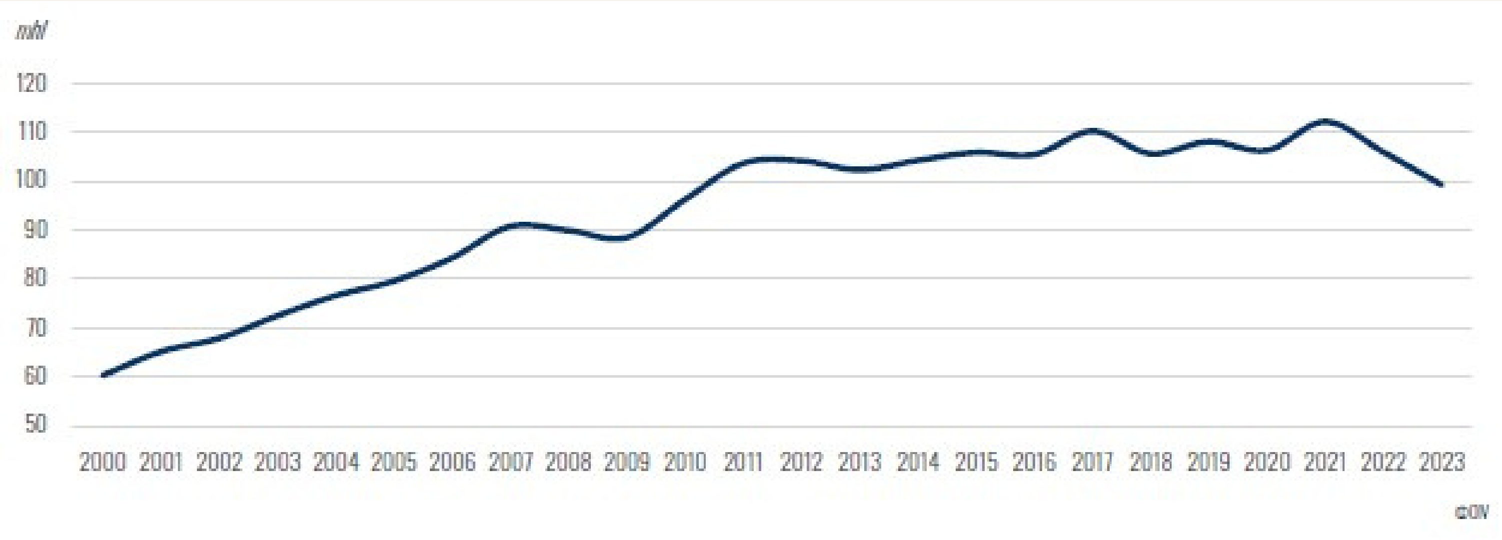
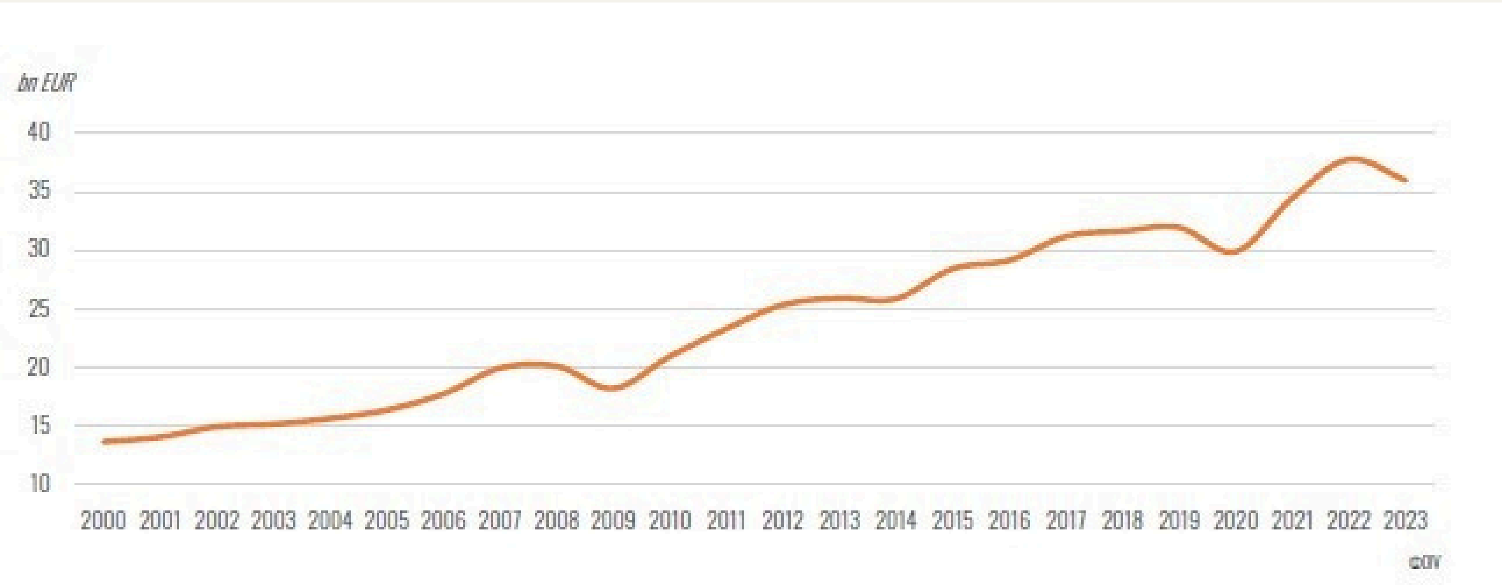
Evolution of international trade in wine by volume



Evolution of international trade in wine by value



Major wine exporters

Country	Volume (mhl) 2022	Volume (mhl) 2023	Value (m EUR) 2022	Value (m EUR) 2023	Type	Vertical Structure in 2023 volume	Vertical Structure in 2023 value	Variation 2023/2022 volume	Variation 2023/2022 value
Italy	21.6	21.4	7 796	7 735	bottle (< 2 l)	55%	66%	-4%	-3%
					sparkling	24%	29%	-2%	3%
					BiB	2%	2%	-2%	8%
	variation of -1.0%		variation of -0.8%		bulk (>10 l)	19%	4%	12%	0%
Spain	21.4	20.8	3 007	2 910	bottle (< 2 l)	32%	62%	-10%	-4%
					sparkling	8%	17%	-5%	-1%
					BiB	3%	3%	6%	9%
	variation of -2.9%		variation of -3.2%		bulk (>10 l)	57%	18%	-1%	-3%
France	13.4	12.7	12 279	11 937	bottle (< 2 l)	71%	59%	-10%	-4%
					sparkling	17%	38%	-10%	-1%
					BiB	4%	1%	4%	7%
	variation of -5.8%		variation of -2.8%		bulk (>10 l)	9%	1%	-1%	-4%
Chile	8.3	6.8	1 818	1 411	bottle (< 2 l)	56%	81%	-21%	-23%
					sparkling	1%	1%	-6%	-10%
					BiB	2%	2%	-8%	-15%
	variation of -18.1%		variation of -22.4%		bulk (>10 l)	41%	16%	-15%	-21%
Australia	6.4	6.2	1 381	1 243	bottle (< 2 l)	31%	72%	-14%	-10%
					sparkling	2%	4%	-9%	-11%
					BiB	5%	2%	-11%	-17%
	variation of -2.9%		variation of -10.0%		bulk (>10 l)	63%	22%	5%	-8%
South Africa	4.4	3.5	660	571	bottle (< 2 l)	41%	70%	-11%	-10%
					sparkling	2%	4%	10%	-2%
					BiB	6%	5%	-35%	-21%
	variation of -20.3%		variation of -13.5%		bulk (>10 l)	52%	21%	-25%	-22%
Germany	3.5	3.3	1 047	1 055	bottle (< 2 l)	73%	78%	-6%	1%
					sparkling	10%	13%	-8%	2%
					BiB	13%	7%	-2%	5%
	variation of -8.0%		variation of 0.8%		bulk (>10 l)	4%	2%	-46%	-19%
Portugal	3.3	3.2	939	928	bottle (< 2 l)	75%	90%	-3%	-1%
					sparkling	1%	1%	-14%	-14%
					BiB	10%	8%	-8%	-3%
	variation of -1.8%		variation of -1.2%		bulk (>10 l)	14%	4%	15%	5%
Canada	2.1	2.3	81	87	bottle (< 2 l)	1%	28%	47%	1%
					sparkling	0%	2%	1%	10%
					BiB	0%	1%	-27%	0%
	variation of 6.1%		variation of 7.4%		bulk (>10 l)	99%	68%	6%	11%
USA	2.8	2.1	1 401	1 133	bottle (< 2 l)	56%	83%	-20%	-20%
					sparkling	4%	5%	134%	83%
					BiB	4%	3%	-3%	-14%
	variation of -25.8%		variation of -19.1%		bulk (>10 l)	36%	9%	-39%	-37%
Argentina	2.7	2.0	752	603	bottle (< 2 l)	77%	92%	-24%	-19%
					sparkling	1%	1%	-43%	-46%
					BiB	0%	0%	-44%	-34%
	variation of -26.1%		variation of -19.8%		bulk (>10 l)	22%	6%	-28%	-19%
New Zealand	2.7	2.0	1 349	1 200	bottle (< 2 l)	57%	74%	-9%	-10%
					sparkling	1%	1%	-29%	-19%
					BiB	1%	1%	-21%	-19%
	variation of -26.3%		variation of -11.1%		bulk (>10 l)	41%	25%	-7%	-13%

Source: OIV, GTA ©OIV

Major wine importers

Major wine importers

	Volume (mhl) 2022	Volume (mhl) 2023	Value (m EUR) 2022	Value (m EUR) 2023	Type	Vertical Structure in 2023 volume	Vertical Structure in 2023 value	Variation 2023/2022 volume	Variation 2023/2022 value
Germany	13.6	13.6	2 776	2 648	bottle (< 2 l)	36%	62%	-7%	-7%
					sparkling	5%	19%	-4%	2%
					BiB	2%	2%	-2%	6%
	variation of -0.3%		variation of -4.6%		bulk (>10 l)	56%	18%	5%	-2%
UK	13.0	12.3	4 821	4 663	bottle (< 2 l)	49%	61%	-4%	-3%
					sparkling	13%	26%	-3%	2%
					BiB	2%	1%	3%	8%
	variation of -5.1%		variation of -3.3%		bulk (>10 l)	36%	12%	-7%	-14%
USA	14.4	12.3	6 990	6 185	bottle (< 2 l)	53%	70%	-11%	-8%
					sparkling	14%	25%	-18%	-17%
					BiB	1%	0%	-14%	2%
	variation of -14.6%		variation of -11.5%		bulk (>10 l)	33%	5%	-18%	-29%
France	6.2	6.0	992	957	bottle (< 2 l)	17%	57%	-3%	-8%
					sparkling	7%	17%	10%	23%
					BiB	3%	2%	7%	8%
	variation of -4.6%		variation of -3.5%		bulk (>10 l)	74%	24%	-6%	-8%
Netherlands	4.4	4.4	1 506	1 518	bottle (< 2 l)	87%	83%	-1%	-0%
					sparkling	5%	13%	-2%	3%
					BiB	5%	2%	61%	54%
	variation of 0.5%		variation of 0.8%		bulk (>10 l)	3%	1%	-7%	-9%
Russia	3.9	4.0	-	-	bottle (< 2 l)	-	-	-	-
					sparkling	-	-	-	-
					BiB	-	-	-	-
	variation of 2.0%		variation of -		bulk (>10 l)	-	-	-	-
Canada	4.2	3.8	2 167	1 846	bottle (< 2 l)	65%	84%	-14%	-15%
					sparkling	6%	11%	-11%	-14%
					BiB	2%	1%	8%	-0%
	variation of -10.2%		variation of -14.8%		bulk (>10 l)	27%	3%	-1%	-14%
Belgium	3.4	3.0	1 301	1 174	bottle (< 2 l)	57%	63%	-14%	-11%
					sparkling	20%	29%	-9%	-8%
					BiB	7%	3%	-8%	-9%
	variation of -10.8%		variation of -9.8%		bulk (>10 l)	17%	5%	-4%	-7%
Portugal	2.9	3.0	197	192	bottle (< 2 l)	20%	31%	1%	2%
					sparkling	2%	19%	-4%	7%
					BiB	2%	1%	-18%	-35%
	variation of 3.3%		variation of -2.4%		bulk (>10 l)	76%	49%	1%	-6%
China	3.4	2.5	1 369	1 072	bottle (< 2 l)	61%	86%	-30%	-21%
					sparkling	2%	7%	-28%	-12%
					BiB	1%	1%	-18%	-27%
	variation of -26.1%		variation of -21.7%		bulk (>10 l)	35%	6%	-18%	-38%
Japan	2.7	2.3	1 770	1 644	bottle (< 2 l)	63%	55%	-11%	-10%
					sparkling	17%	42%	-10%	-2%
					BiB	6%	1%	-15%	-18%
	variation of -12.5%		variation of -7.1%		bulk (>10 l)	14%	2%	-19%	-20%
Italy	2.0	2.0	461	547	bottle (< 2 l)	10%	21%	5%	14%
					sparkling	7%	66%	8%	25%
					BiB	1%	0%	-11%	44%
	variation of 0.6%		variation of 18.7%		bulk (>10 l)	82%	13%	-14%	-1%
Sweden	2.1	2.0	852	832	bottle (< 2 l)	46%	58%	-9%	-3%
					sparkling	13%	21%	-1%	0%
					BiB	25%	14%	-19%	-4%
	variation of -7.3%		variation of -2.2%		bulk (>10 l)	16%	6%	22%	0%

Sources: OIV, GTA ©OIV

[1] Countries with wine imports equal to or above 2 mhl in 2023.

SOURCE: OIV

Focus on OIV

International Organisation of Vine and Wine

The OIV was created in 1924 as the Office International du Vin (International Wine Office) in order to harmonise the global viticultural situation.
The OIV provides, as intergovernmental organisarion, grape and wine producing and consuming countries with information to develop regulations, minimise barriers to trade, promote sustainable production and protect consumers.
The OIV's main objectives are to:

- ·nform its Member States of measures concerning producers, consumers and other players in the vine and wine products sector.
- Assist other international organisations, especially those which carry out standardisation activities.
- Contribute to the international harmonisation of existing practices and standards, improving the conditions for producing and marketing vine and wine products, and helping ensure that the interests of consumers are taken into account.

OIV STRATEGIC PLAN 2020-2024

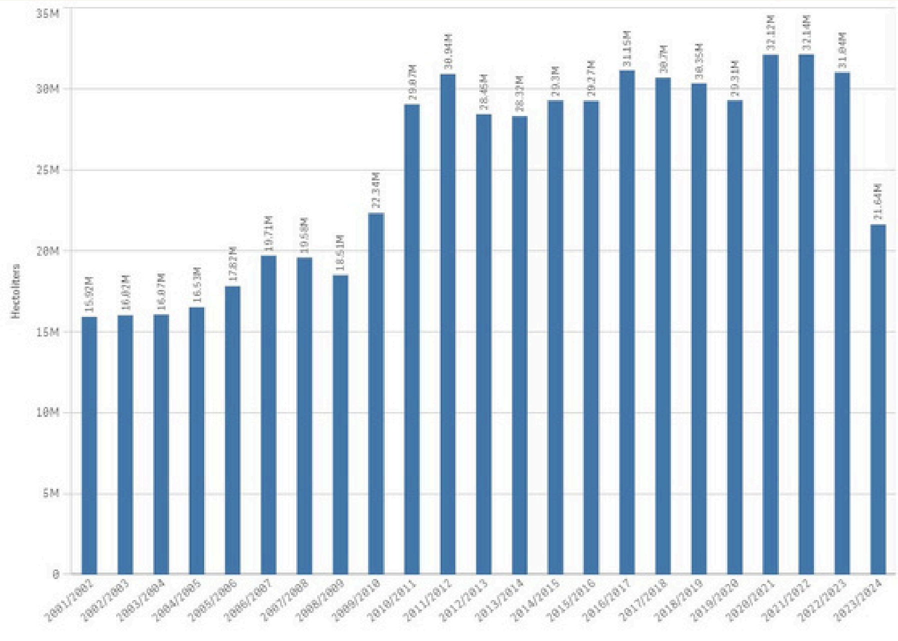
The 2020-2024 Strategic Plan and its key objectives are guided by the various challenges the international vitivinicultural sector is facing , but also by a desire to integrate the 2030 perspectives of the Sustainable Development Goals (SDGs), elaborated under the aegis of the United Nations, into the Organisation's work.

1. Promote environmentally friendly vitiviniculture
2. Promote economic activity according to principles of sustainable development and of market growth and globalization
3. Contribute to social development through vitiviniculture
4. Pursue the development of a harmonised regulatory environment
5. Facilitate the digital transition of the sector

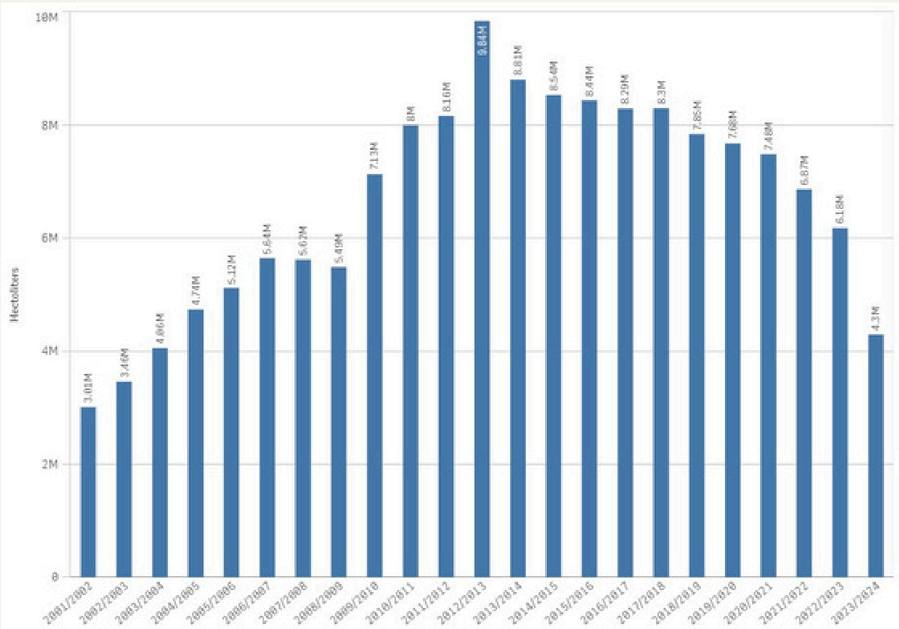
SOURCE: OIV

Europe: Facts and Figures

Export trends in volumes (from Europe to outside Europe)



Import trends in volumes (from outside Europe to Europe)



SOURCE:

SKYMINDER AT A GLANCE FOR WINE SECTOR

Solutions available for more than 240 countries and jurisdictions

Best in class information thanks to more than 40 providers, both local and global

13 available products and solutions

Web and API integration

SKYMINDER SOLUTIONS

SkyMinder is the worldwide CRIF platform helping you to take decisions based on high-quality information. If you are required to evaluate a business partner in the Wine Sector, a customer or a supplier, in a risk evaluation process or for compliance requirements or a cyber risk assessment, SkyMinder is the right solution.

Requirement	SkyMinder Solution	Description
Know business partners and risk level - have on board new suppliers - understand in depth customers creditworthiness	**Full Report, Slim Report, Quick Report**	Information, with different level of details, related to all companies in the world, including firmographics, credit limit, risk indicator, management, shareholders, negative events etc.
Receive immediate notification with related details if a change affects a company	**Full Monitoring**	Detailed information about changes affecting a company as soon as happened. Combined possibility to request for free updated report.
Be alerted if there is change in company's information	**Alert**	Information related to the area involved by a change as soon as an event happened.
Periodically checks if there are changes involving companies	**Planned Revision**	Scheduled revision with updated report including company's changes if applicable
Obtain documents from Official Registry and LEI repository	**Official Registry and LEI**	Product range including documents coming from public sources or from LEI Registry
Company ownership overview	**Verification Report**	List of shareholders to understand company's structure
Compliance requirements and fraud checks	**Compliance Report and Extended Check Report**	Anti-Bribery and Money Laundering lists checks related to financial crimes.
Risk of Cyber attack	**Cyber Risk Report**	Assess the level of risk related to a business partner in being involved in a cyber attack
Understand overall value of intangible assets of a company	**Patent Due Diligence Report**	Patent Asset Overview with geographical coverage, remaining life of active patent assets, high-value patent assets, technology and patent deployment, technology timeline, peer comparison, key inventors.