



Wine Intelligence for Vinisud

Economic observatory of Mediterranean wines in international markets



19th February 2018

- I. Objectives and methodology
- II. Focus on the market (production 2015 sold in 2016)
- III. Focus on exports (2016 and changes)
- IV. Focus on still light wine exports (2016 and changes)
- V. Focus sparkling wine exports (2016 and changes)
- VI. Focus on French wine exports (2016 and changes)
- VII. Conclusion

OBJECTIVES

Update the barometer measuring the commercial flow of Mediterranean wines

1

Evaluate the production volumes of Mediterranean wines and any changes

2

Assess the size of both domestic and export markets for Mediterranean wines

3

Identify main export markets for Mediterranean wines

Methodology: Geographical scope of the study

As in 2016, the study covers 17 Mediterranean countries, divided into eight zones

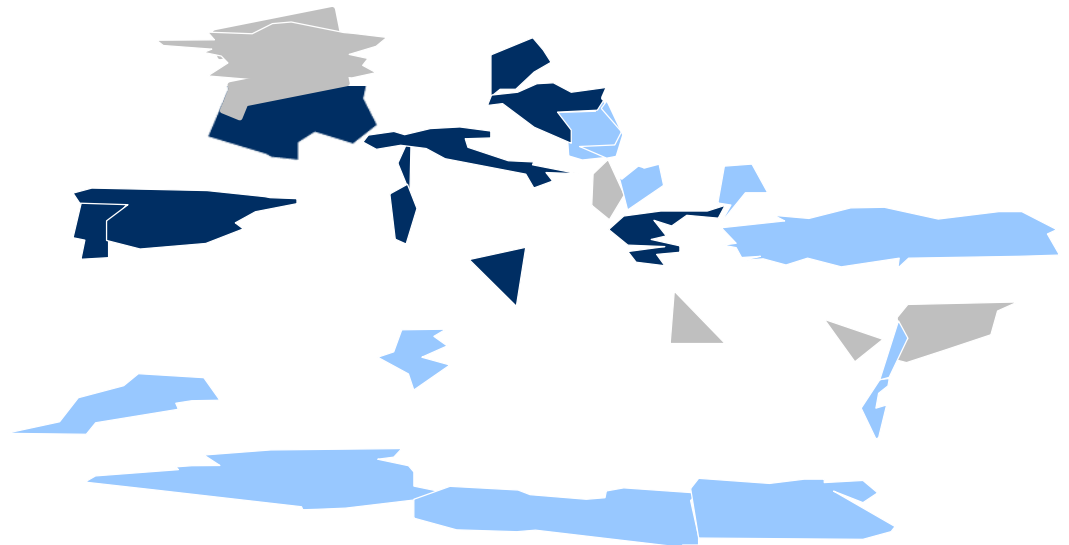


Geographical boundaries of the study

1. Portugal
2. Spain
3. France
4. Italy
5. EU central Mediterranean countries (Croatia, Slovenia and Greece)
6. Non-EU central Mediterranean countries (Bosnia, Montenegro et Macedonia)
7. Eastern Mediterranean countries (Israel, Lebanon and Turkey)
8. North Africa (Algeria, Egypt, Morocco and Tunisia)

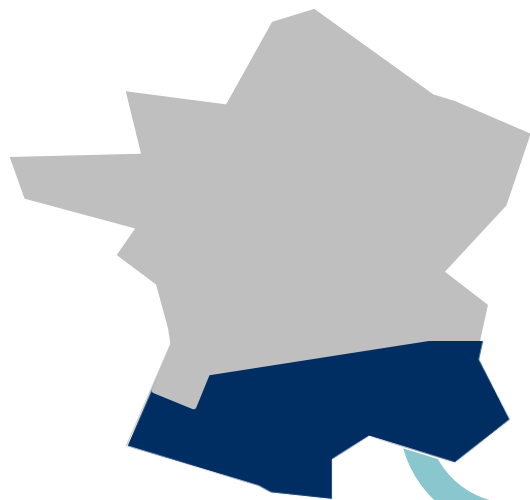
Definition of mediterranean wines

- EU countries: only PDO and PGI wines
- Non EU countries: all domestically produced wines
- Zones not covered by the study



Methodology: Delineating the geographical scope for France

France covers PDO and PGI wines produced in the south of France - namely 52.6% of French wine production in 2015 (51.7% in 2014)



In 2015, **37.1 MHI** of wine was produced in France (not including wines suitable for Armagnac or Cognac production) of which...

Mediterranean PDO and PGI wines*
19.5 MHI produced

52.6% of total French wine production (vs 51.7% in 2014)

Trends:

≈ stable vs 2014

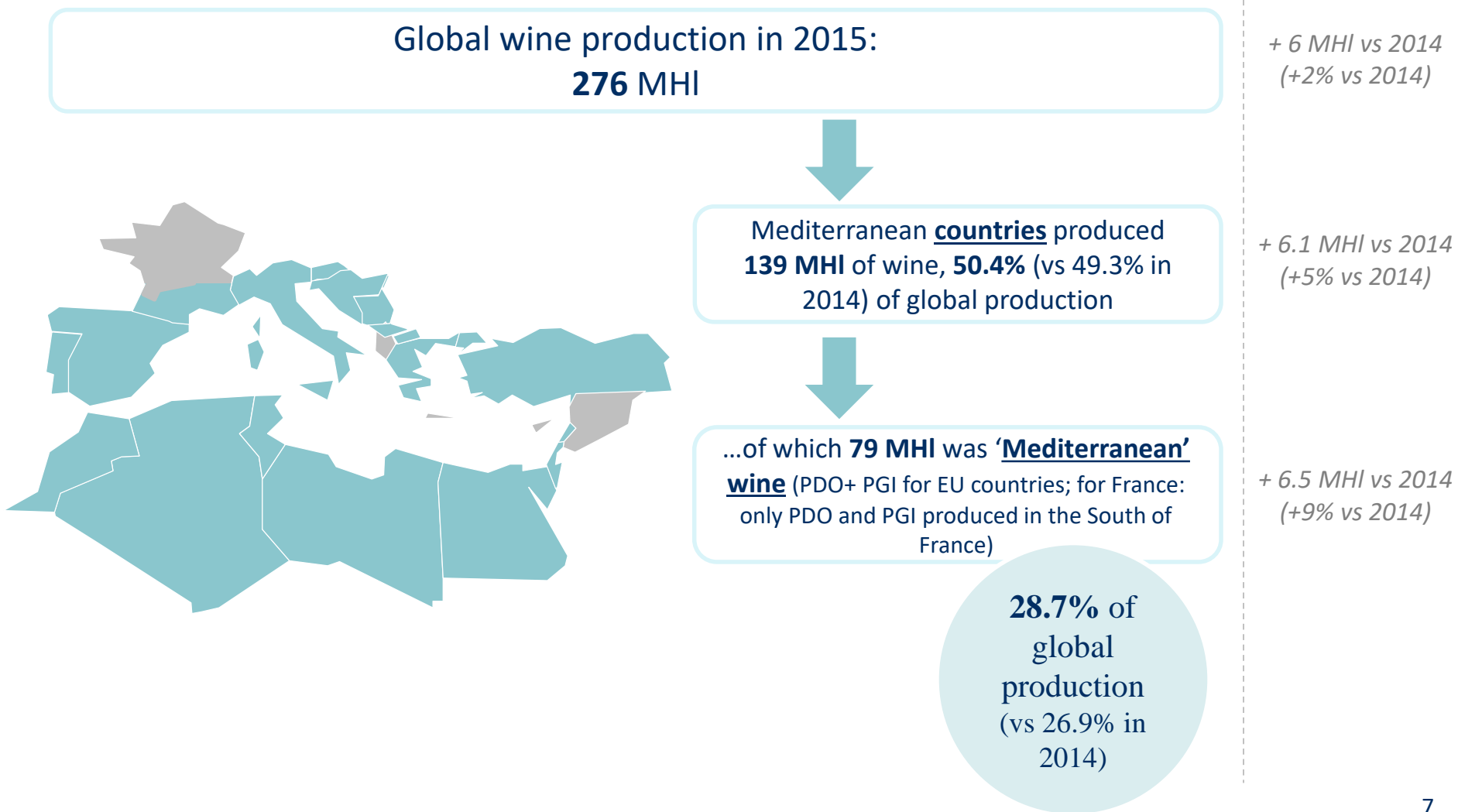
+ 0.3 MHI vs 2014

*French Mediterranean PDO and PGI wines: PDO from the Languedoc-Roussillon, Rhône Valley, Provence, Corsica, South West, PGI from the Pays d'oc, South East, Languedoc-Roussillon (other than Pays d'Oc) and the South West

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Context: The production of Mediterranean wines

Mediterranean wines are increasing market share: in 2015, they represented 28.7% of global wine production, compared to 26.9% in 2014



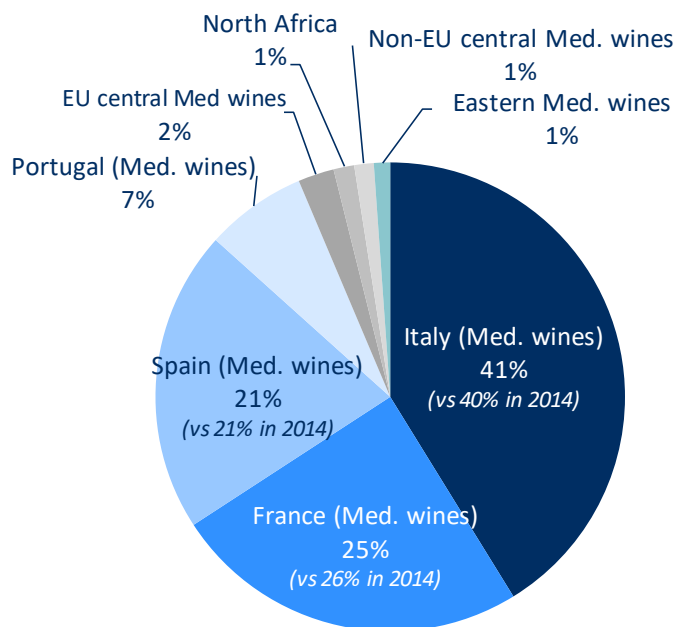
Production: Share of volume by source country

Italy, France and Spain remain dominant. The majority of other Mediterranean zones have seen levels increase by double-digits



Production of Mediterranean wines in 2015

Share of each zone in the production of Mediterranean wines in 2015



Tracking of Mediterranean wine production

In millions of hectoliters

Millions of HL	Production 2014	Production 2015	TCAM 2010-2014	Trend. 2015 vs 2014
Italy (Med wines)	29.0	32.6	-1%	+12%
France (Med wines)	19.2	19.5	+1%	+2%
Spain (Med wines)	15.1	16.5	+0.2%	+9%
Portugal (Med wines)	4,8	5.5	-1%	+16%
EU central Med (Med wines)	1.7	2.0	-4%	+15%
North Africa	1.1	1.1	+1%	+3%
Non-EU central (Med wines)	0.9	1.1	+0.1%	+16%
Eastern Med.	0.8	0.9	+2%	+15%
Total	72.6	79.2	-0.1%	+9%

Glossary :

Central Med EU: Greece, Croatia & Slovenia

Central Non-EU: Bosnia, Montenegro & Macedonia

North Africa: Algeria, Morocco, Tunisia & Egypt

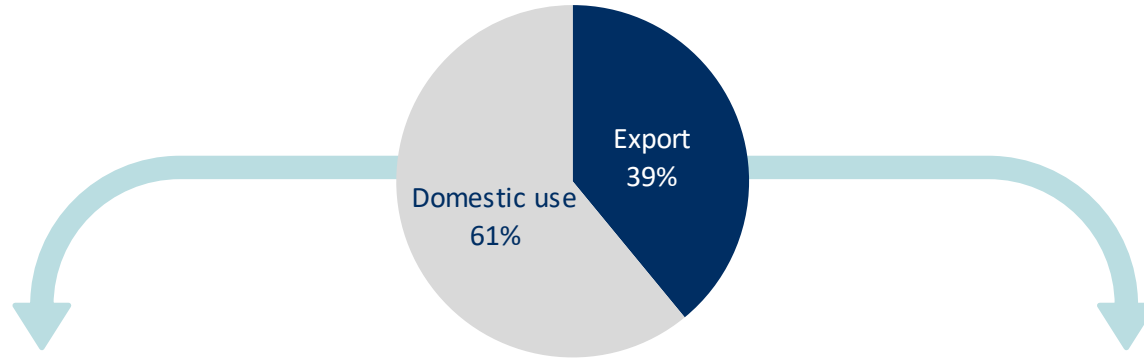
Eastern Med. countries: Israel, Lebanon & Turkey

Mediterranean wines: Where are they sold?



In 2016 29.7 million hectoliters of Mediterranean wines were exported – 28.5% of which were global exports (compared to 27.8% in 2015)

Total commercial output from production of Mediterranean wines in 2015/16: **76.1 million hectoliters**
(+2.3% vs 2014/15)



46.4 million hectoliters in 2016
(+3.0% vs 2015)

29.7 million hectoliters exported in 2016
(+1.2% vs 2015)

28.5% of
global
exports
(27.8% en
2015)

9.2bn € total
revenue in
export markets
(+4% vs 2015)

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Mediterranean wine exports (vol. et val.): still light and sparkling wine

Sparkling wine exports increased much faster than those of still light wine, which dropped in terms of volume



Still light and sparkling Mediterranean wine exports and % change 2016 vs 2015

Exports volumes in millions of hectoliters; export values in billions of euros
% change between 2015 and 2016

	Volumes <i>(millions of hectoliters)</i>	% change 2015 vs 2016
Total Mediterranean wines	29.7	+1.2%

	Value <i>(billions of euros)</i>	% change 2015 vs 2016
	9.2	+4%

Including...

Still light Mediterranean wines	25.7	-0.4%
Sparkling Mediterranean wines	4.1	+13.0%

	7.8	+1.8%
	1.4	+17.4%

Mediterranean wine exports (vol. et val.): Markets

In 2016, exports to Non-EU countries increased by 7%. At the same time, exports within the EU dropped by 2.1%



Export markets for Mediterranean wines and % change 2016 vs 2015

Exports volumes in millions of hectoliters; export values in billions of euros
% change between 2015 and 2016

	Volumes <i>(millions of hectoliters)</i>	% change 2015 vs 2016
All destinations	29.7	+1.2%

	Value <i>(billions of euros)</i>	% change 2015 vs 2016
	9.2	+4%

Including...

To EU countries	18.2	-2.1%
To Non-EU countries	11.5	+7.0%

	4.8	+2.1%
	4,4	+6.1%

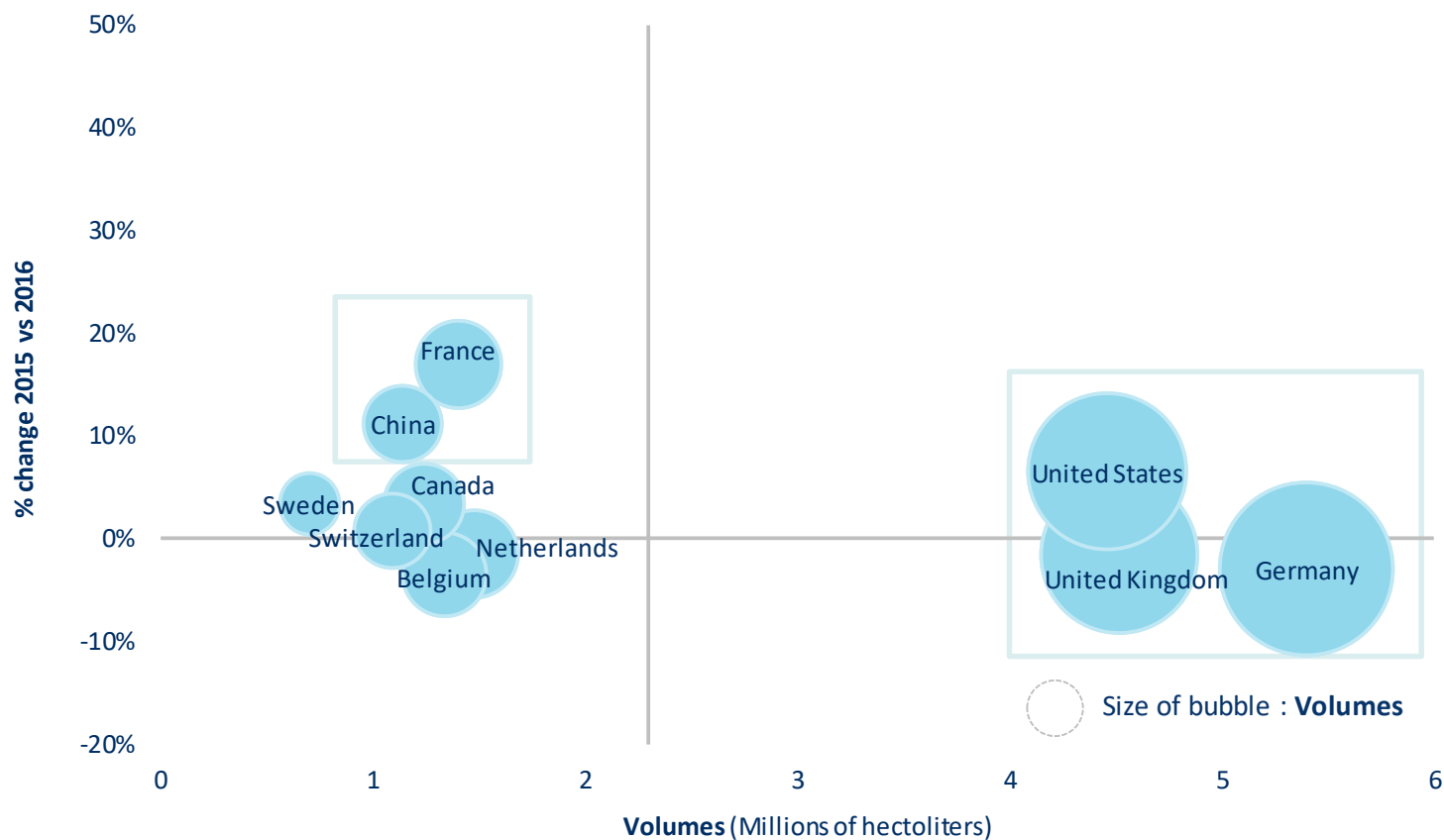
Mediterranean wine exports (VOLUME): Top 10 export markets in 2016

Germany, the UK and the US remain the top 3 overseas markets for these wines.
France is also represents a fast-growing market



Export markets for Mediterranean wine: top 10 in volume (2016) and % change since 2015

In millions of hectoliters



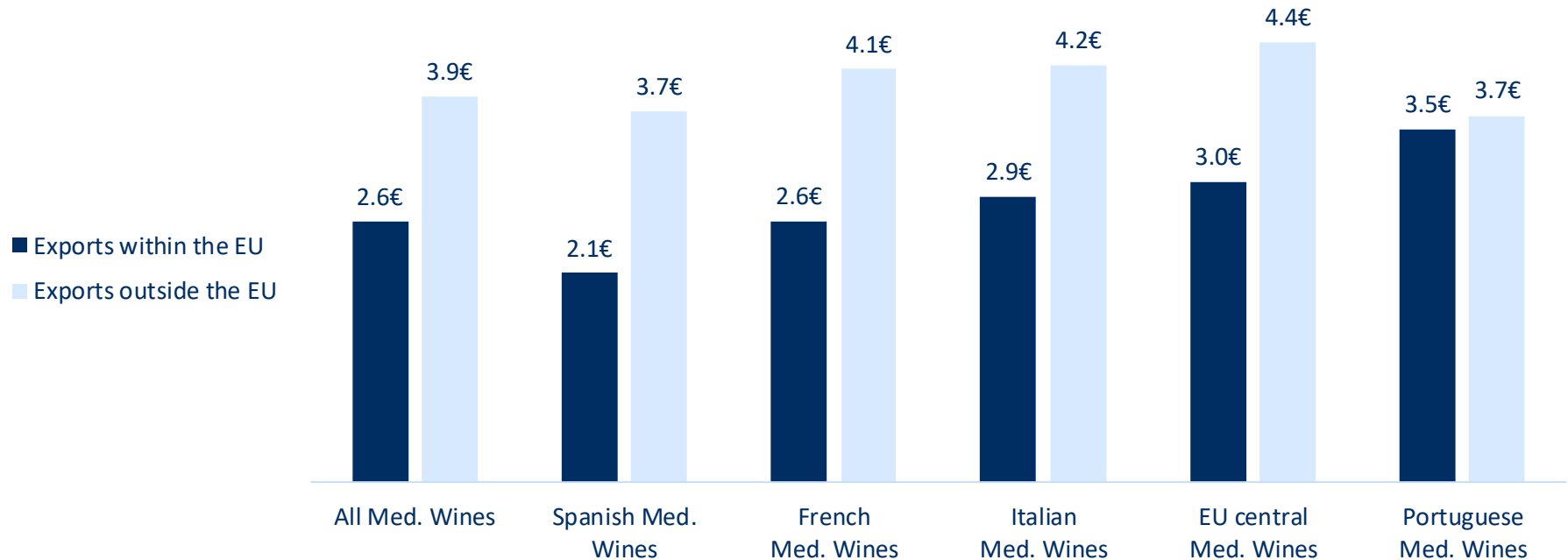
Mediterranean wine exports: Average value per market

Similar results to 2015: with one small exception (Portugal), Non-EU countries are consistently more attractive than EU countries



Mediterranean wine exports: average value per market (2016)

Scope: Mediterranean wines produced in Italy, Spain, Portugal, France and UE central Med. countries
Euros p/liter



Note :

EU central Med. : Greece, Croatia & Slovenia

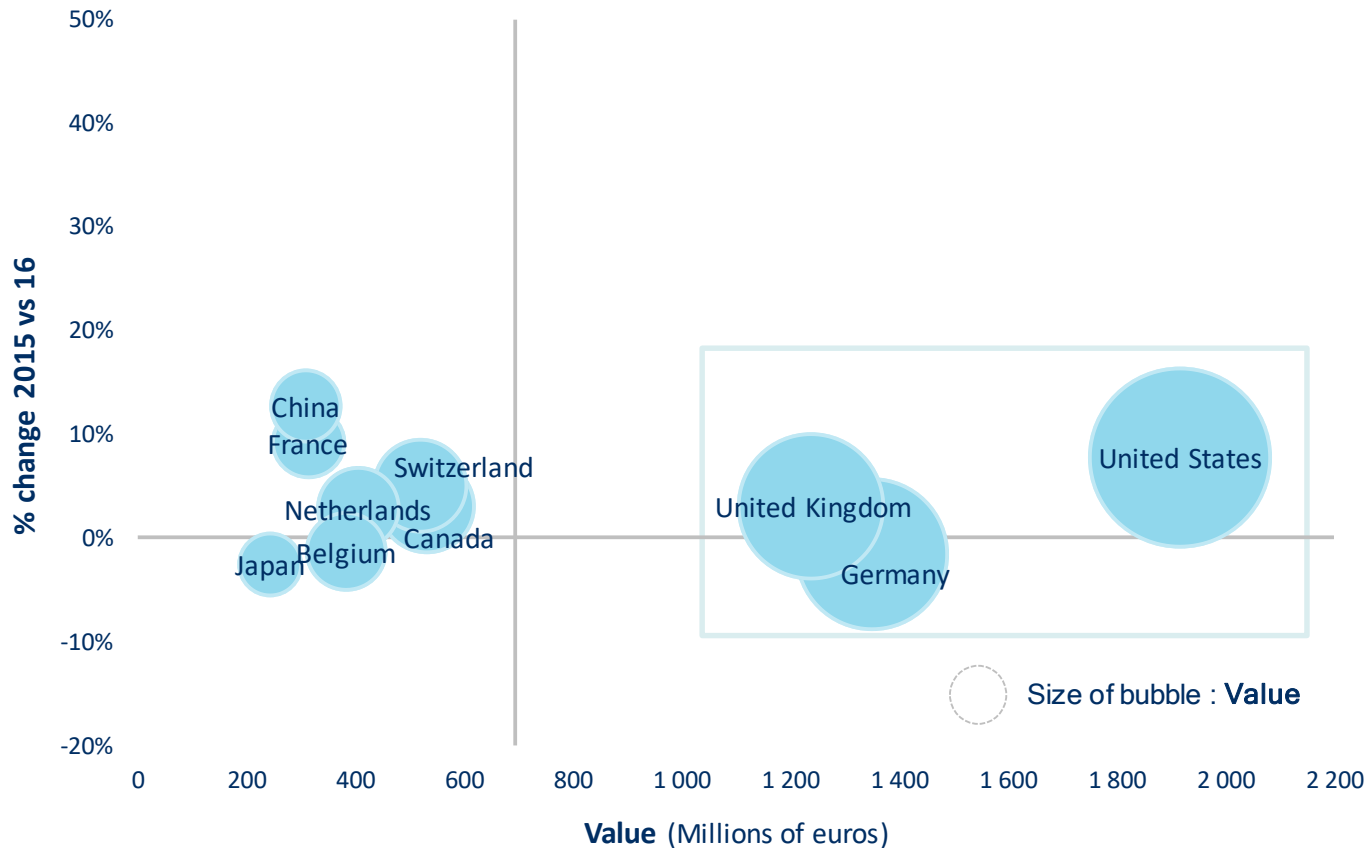
Mediterranean wine exports(VALUE): Top 10 export markets in 2016



The US is the main market for Mediterranean wines in terms of value. It's also one of the fastest growing markets (along with France and China)

Export markets for Mediterranean wines: top 10 in value (2016) and % change since 2015

In millions of euros



Source : Wine Intelligence for Adh sion Group; our estimates based on Comext, Uncomtrade and French customs

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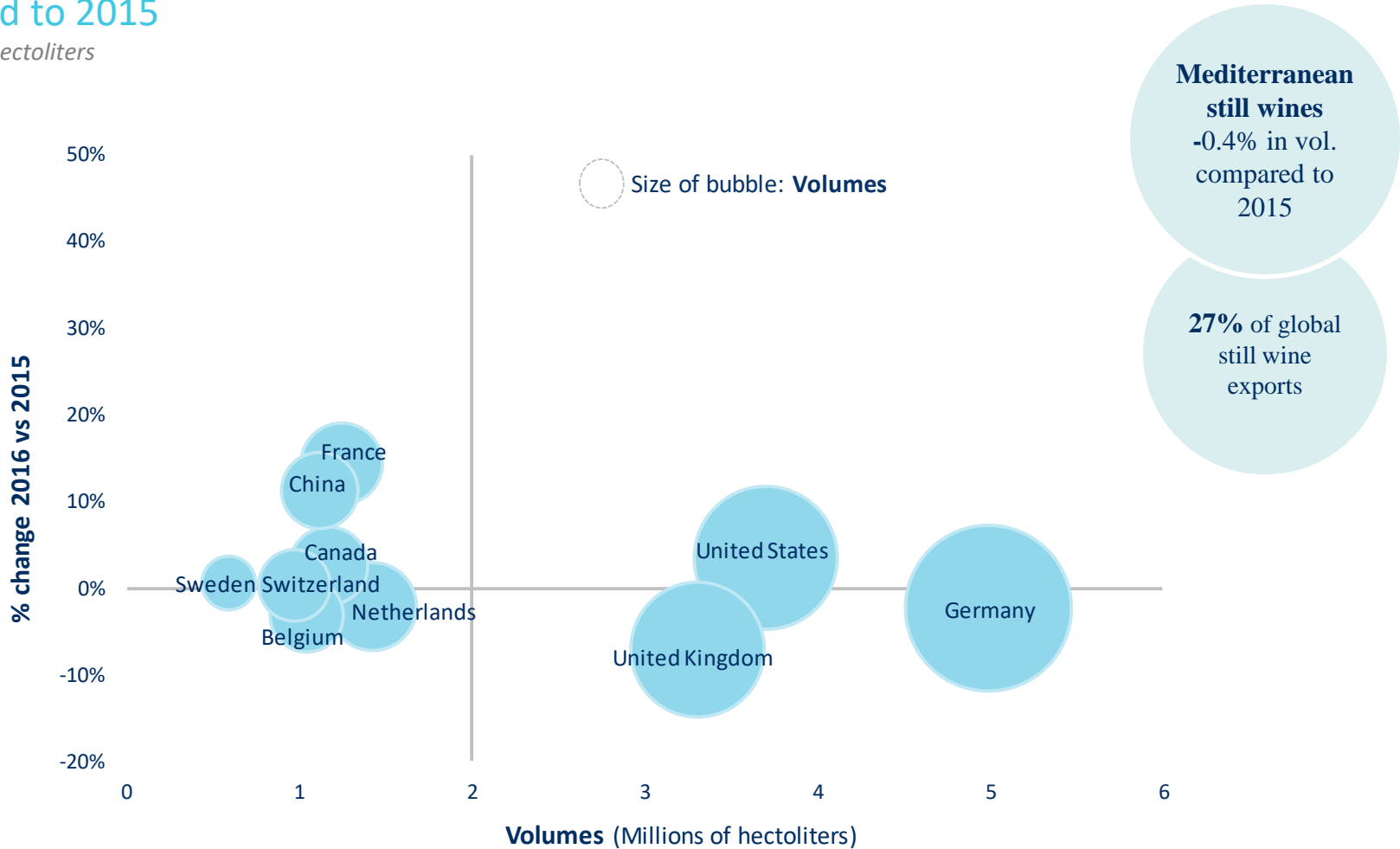
Mediterranean wine exports: Focus on still wines (volumes)

In slight decline (-0.4% vs 2015) overall; fast-growing export markets (USA, France, China, Canada) sit alongside those in decline (UK, Germany, Belgium, The Netherlands)



Export markets for Mediterranean still wines: top 10 in volume (2016) and % change compared to 2015

In millions of hectoliters



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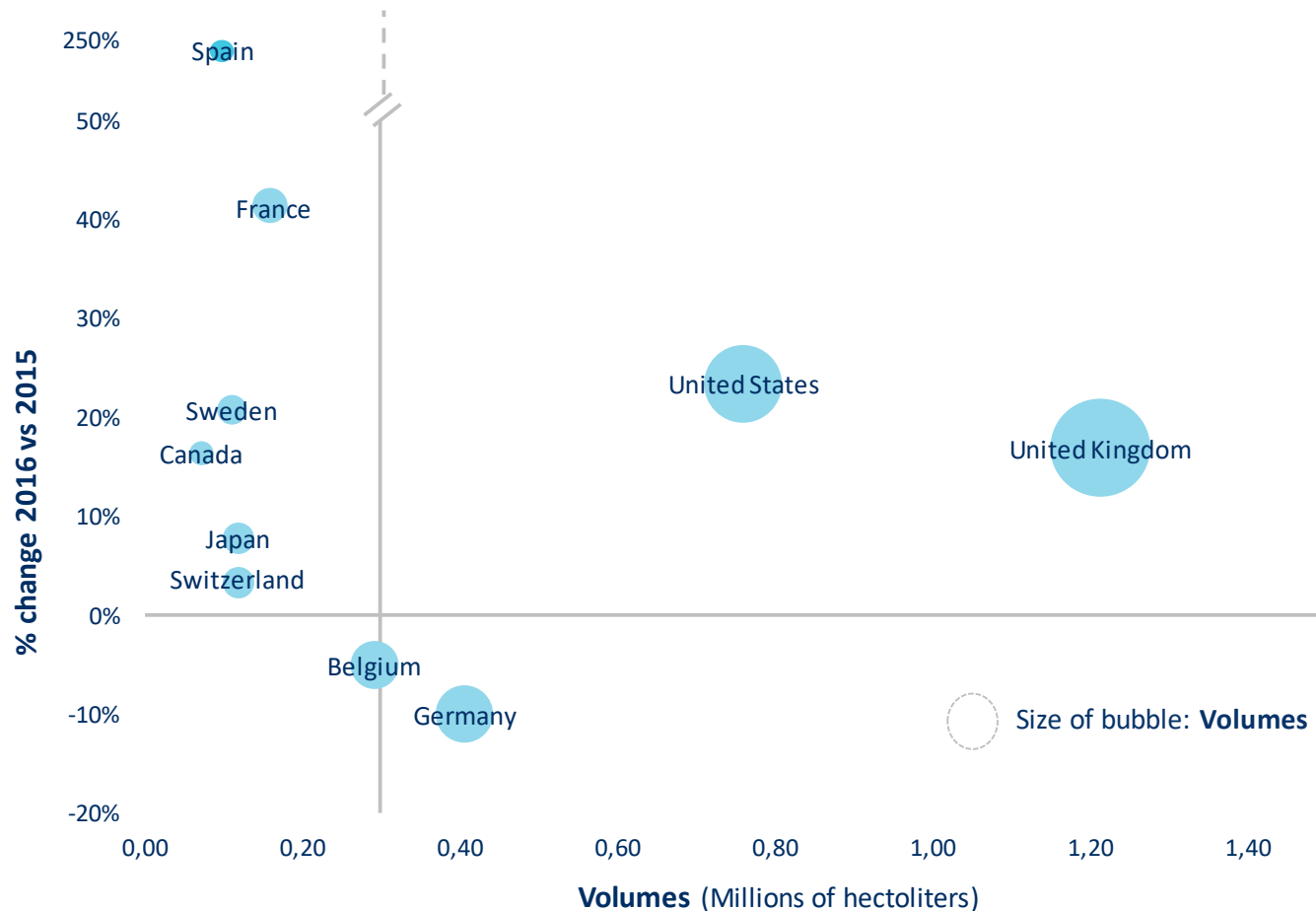
Mediterranean sparkling wine exports: Top 10 export markets



Mediterranean sparkling wine exports increased by 13% in 2016 (in vol.), the US and the UK remain the key growth drivers

Export markets for Mediterranean sparkling wines: top 10 in volume (2016) and % change 2016 vs 2015

In millions of hectoliters



Mediterranean sparkling wines
+13% in vol. compared to 2015

49% of global sparkling wine exports

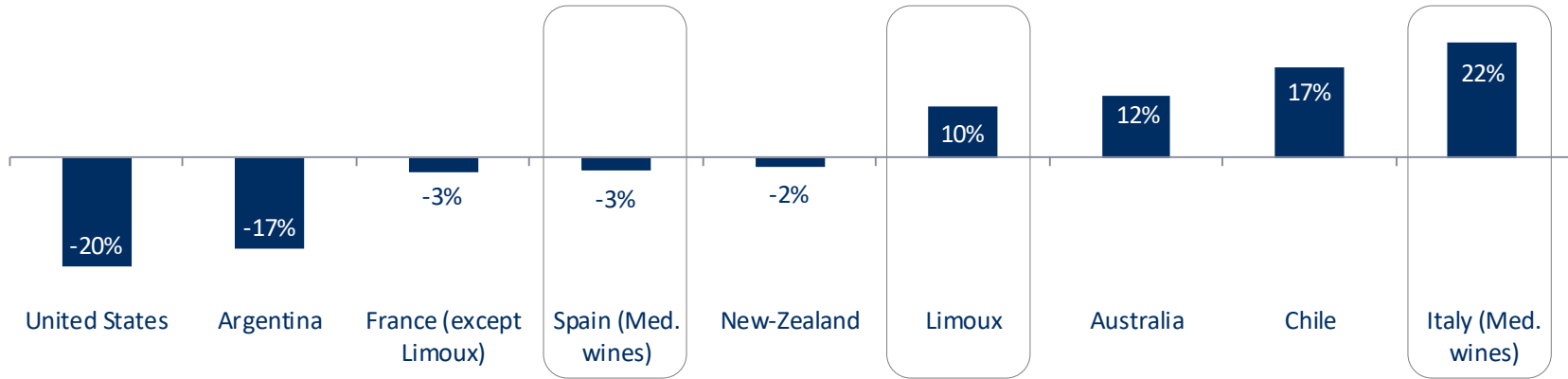
Source : Wine Intelligence for Adh sion Group; our estimates based on Comext, Uncomtrade and French customs

Sparkling wine exports: Mediterranean wines vs competitors

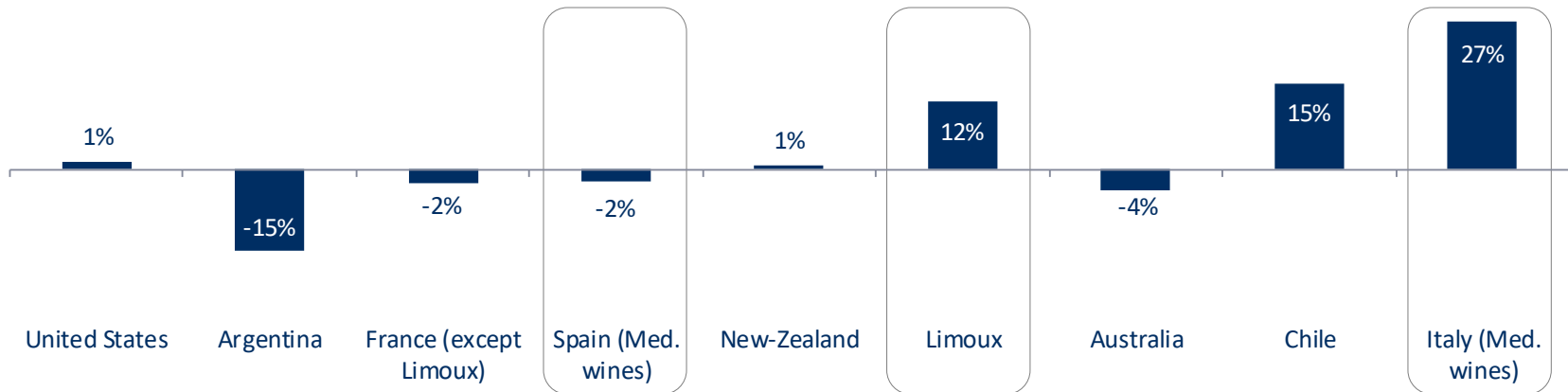
Italian sparkling wines have shown impressive growth: in 2016, they increased by 22% in volume and 27% in terms of value



Sparkling wine export trends 2016 vs 2015 in volume



Sparkling wine export trends 2016 vs 2015 in value



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Focus on French Mediterranean wines: volume and value 2016

Provence continues to increase at a steady rate (+22% in vol.) and has become the PDO with the highest export value (5.9€ p/litre). There are also significant increases in value from the Languedoc-Roussillon PDO wines (+10% between 2015 and 2016)



France: Mediterranean wine exports by production zone

Exports in volume

Millions of hectoliters

Millions hl	2013	2016	TCAM 2013-16	Trend 2015 vs 2016
Pays d'oc PGI wines	2.31	2.26	-1%	-6%
Other Mediterranean PGI wines	1.06	0.88	-6%	-5%
Rhône Valley PDO wines	0.91	0.80	-4%	-4%
Languedoc-Roussillon PDO wines	0.52	0.53	+1%	-4%
Provence PDO wines	0.16	0.29	+22%	+22%
South West PDO wines	0.09	0.13	+11%	-2%
Total	5.05	4.88	-1%	-4%

Exports in value

Euros p/litre

2013	2016	TCAM 2013-16	Trend 2015 vs 2016
2.1 €	2.3€	+4%	+4%
1.8 €	2.1€	+6%	+2%
4.6 €	5.2€	+4%	+4%
3.1 €	3.9€	+7%	+10%
4.6 €	5.9€	+9%	+5%
3.2 €	3.9€	+6%	+5%
2.7 €	3.2€	+6%	+6%

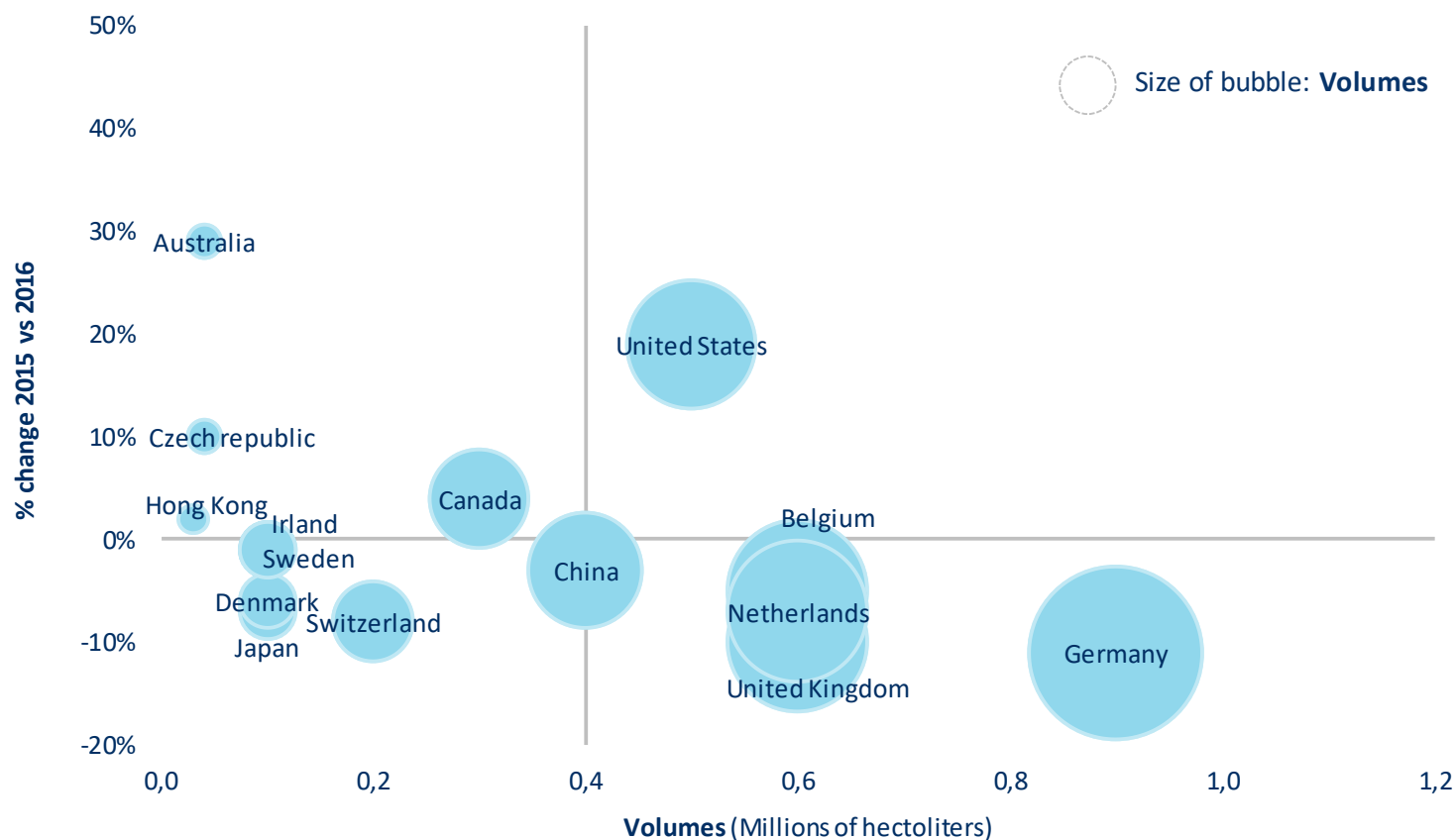
Focus on French Mediterranean wines: Top 10 export markets

EU countries are still in decline whereas the US and Canada are the principal growth drivers. Also significant is the increase in exports to Australia (from a small base)



Export markets for French Mediterranean wines: top 15 in volume and % change 2015/16

In millions of hectoliters



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1. **The influence of Mediterranean wines continues to increase in global business**
2. **Export markets outside the EU are growing three times faster than those in the EU**
1. **The US and China** continue to boost Mediterranean wine exports (+6% et +11% in volume respectively)
2. **Mediterranean wines are becoming more premium.** Total export revenue increased by 4% in 2016, to 9.2 billion Euros.
3. **Sparkling wines are the growth driver of Mediterranean wine exports.** Between 2015 and 2016, the Mediterranean still wine exports were in slight decline (-0.4%), whereas sparkling wines increased by 13% (in volume)
4. **French Mediterranean wine exports :**
 - The decline of mature European markets is intensifying (sharp drops in Germany, The Netherlands, in Belgium and the UK)
 - The US is becoming a more important market (+19% volume in 2016)
 - Export revenue of French Mediterranean wines continues to rise
 - **Provence** continues to make progress at a steady rate (+22% in volume) and has become the region with the highest export value (5.9€ p/liter).
 - Apart from Provence, the French PDO wines and PGI wines have lost export volume but have seen gains in terms of value (in particular PDO wines from the Languedoc-Roussillon, +10% for their average price)



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