

svb



Silicon Valley Bank

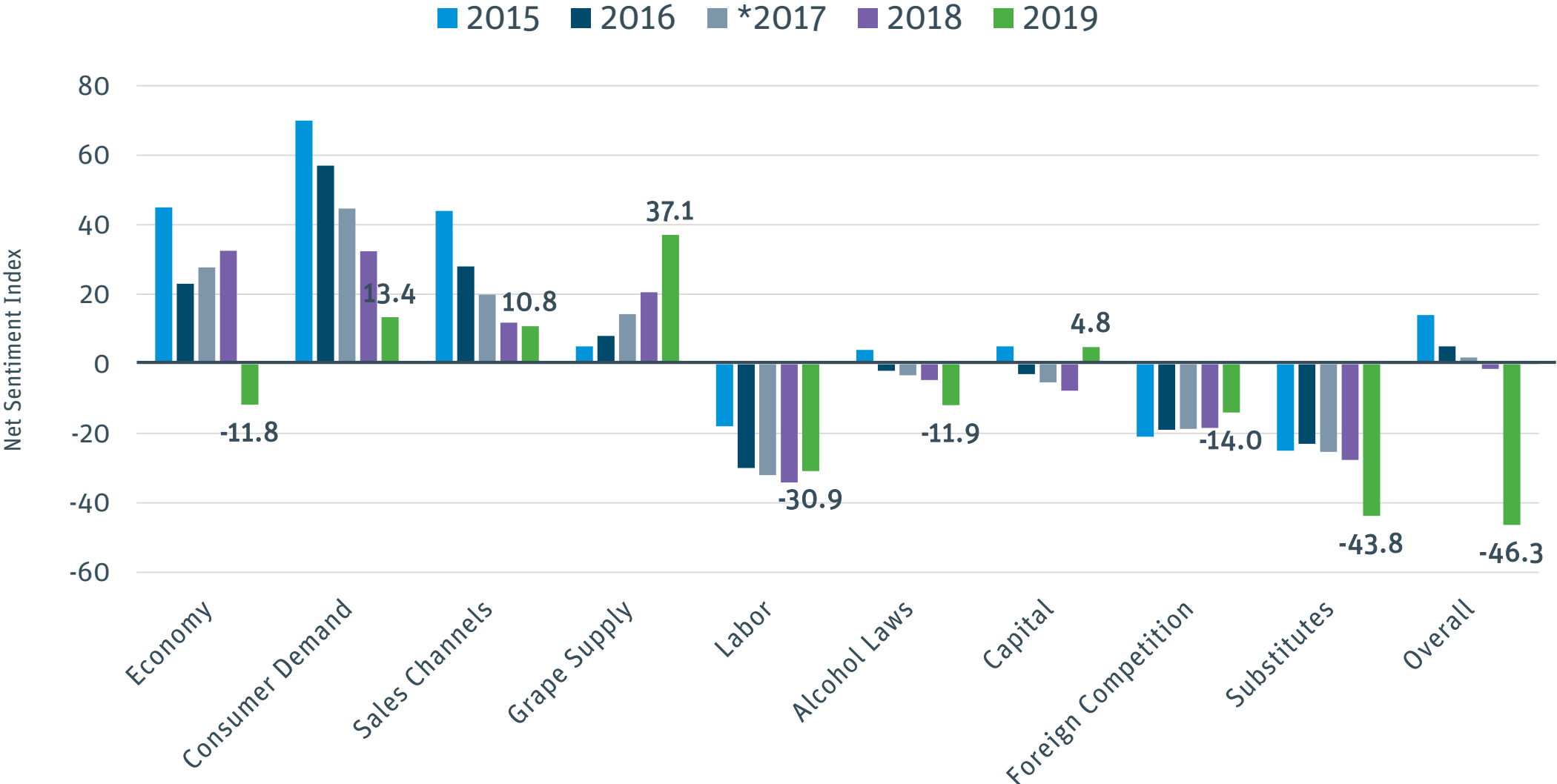
2020 State of the Wine Industry Videocast

January 2020



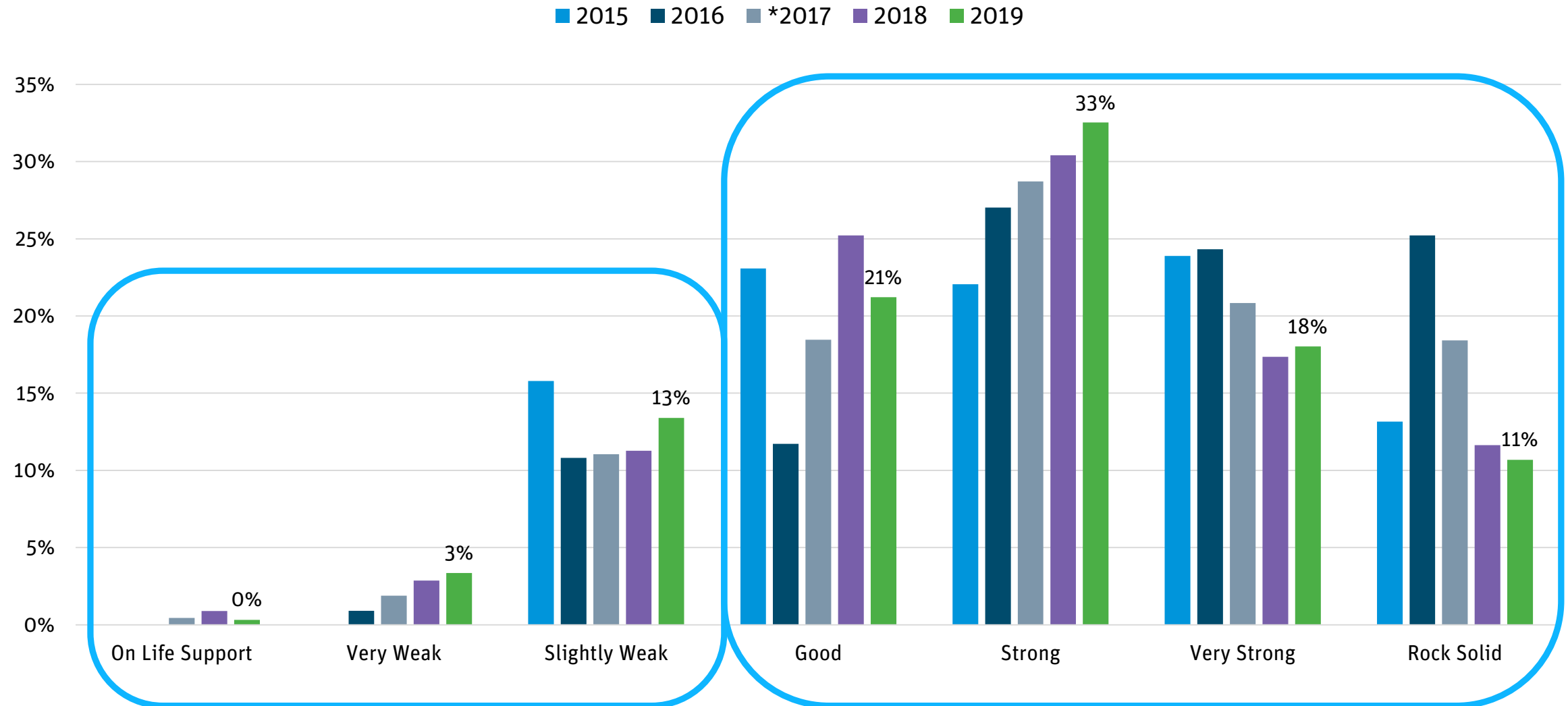
How optimistic is the industry?

2019 marked an historic change of sentiment

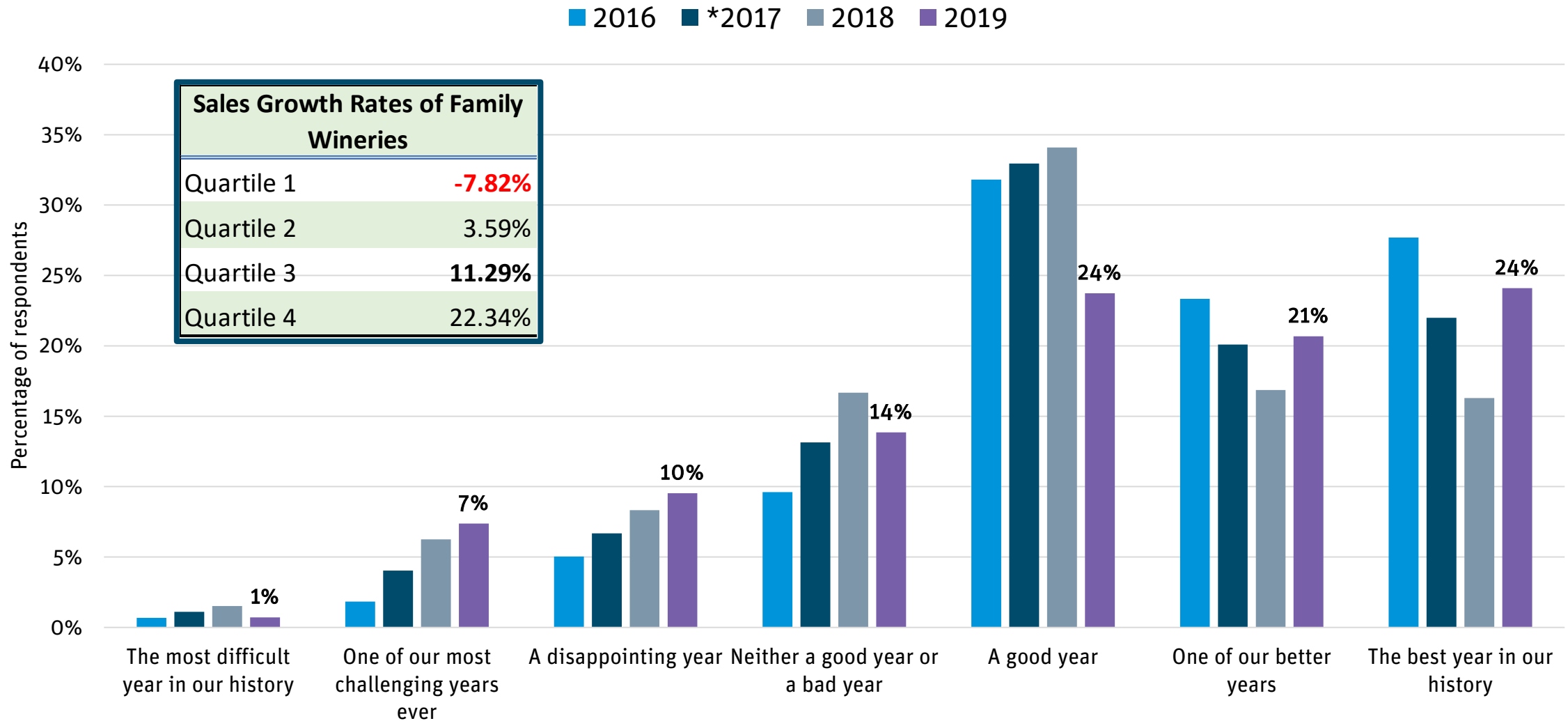


Source: Silicon Valley Bank Industry Survey

Trend of winery financial health

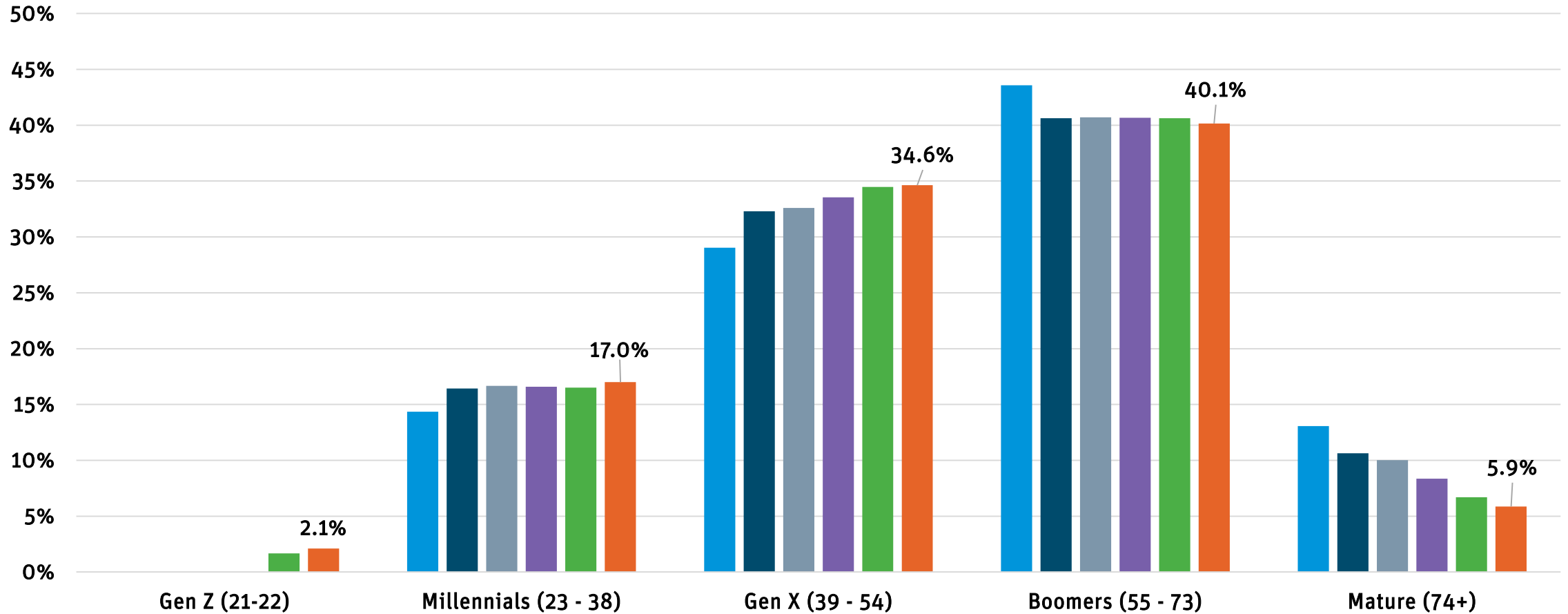


How was your year?



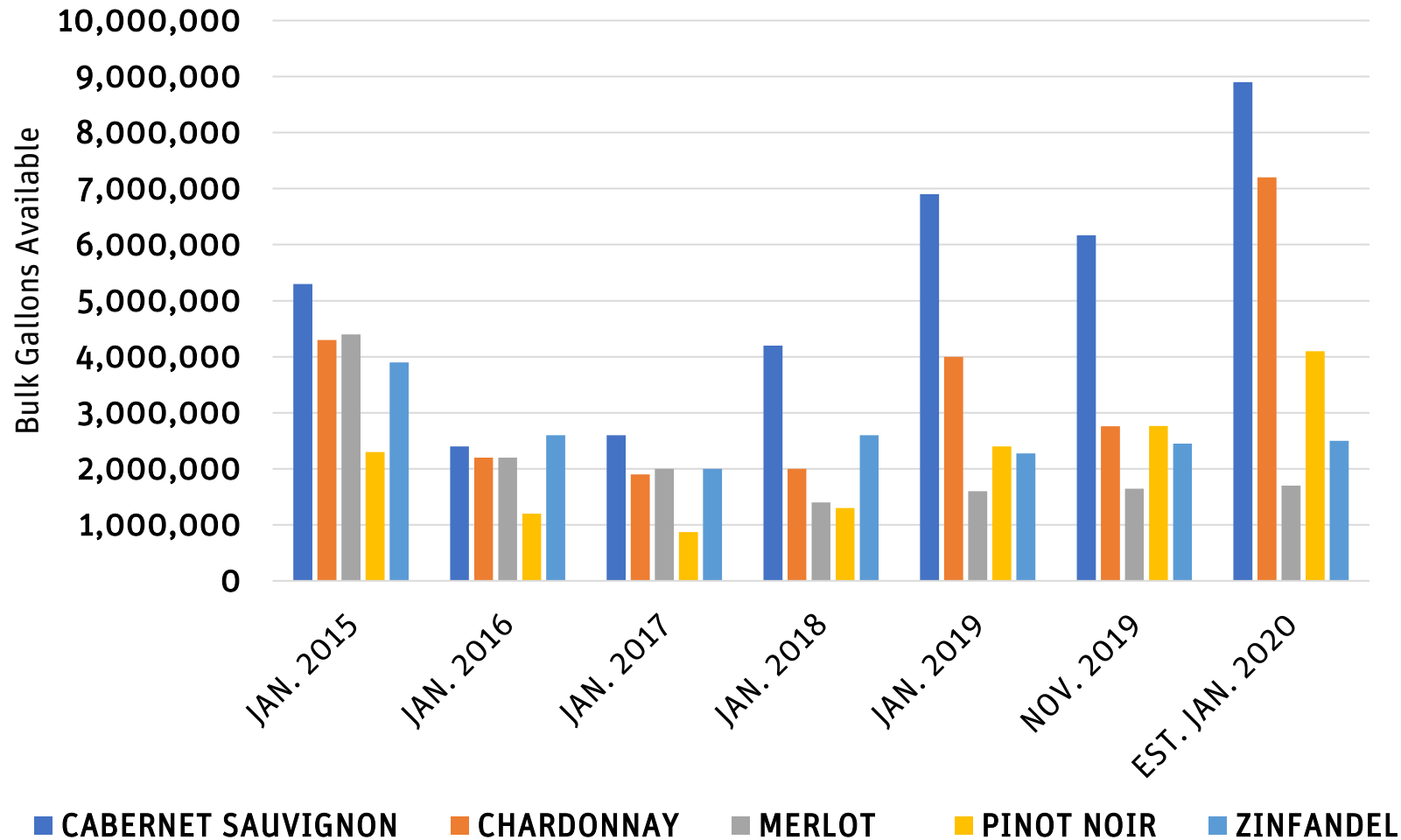
Wine consumption by cohort

■ 2014 ■ 2015 ■ 2016 ■ *2017 ■ 2018 ■ 2019

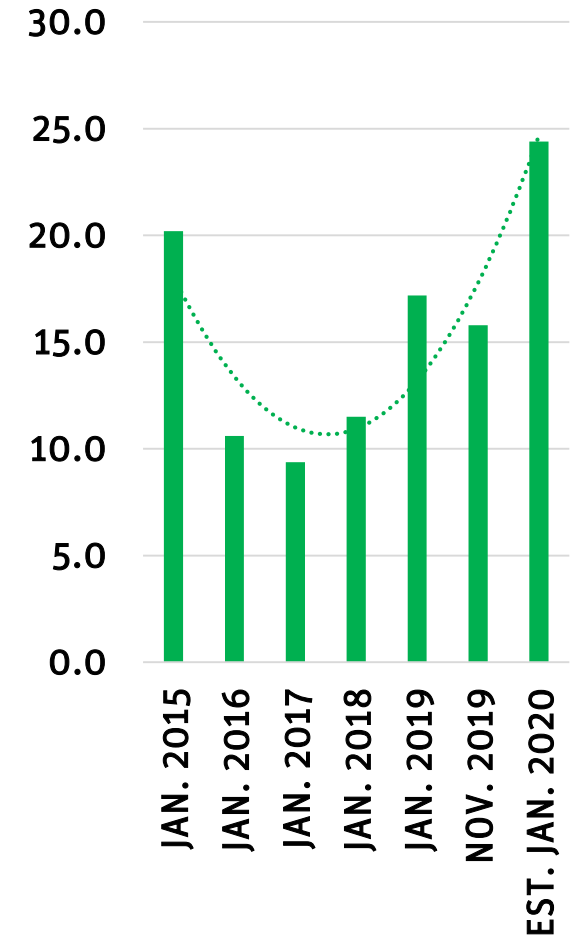


Acute over supply in market

California Bulk Wine Inventory
*Jan 2020 Est.



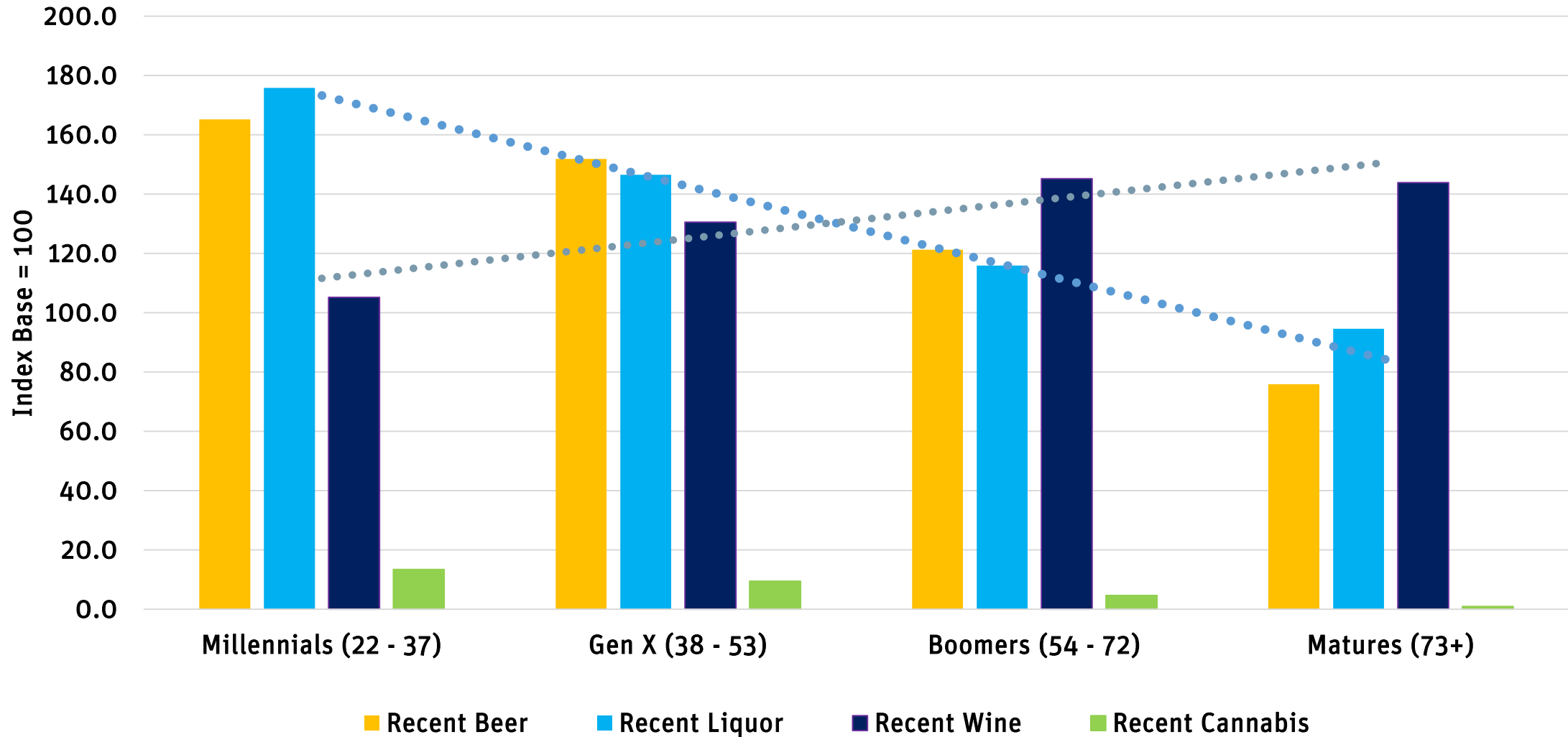
TOTAL GALLONS
In Millions



Source: Ciatti Brokers

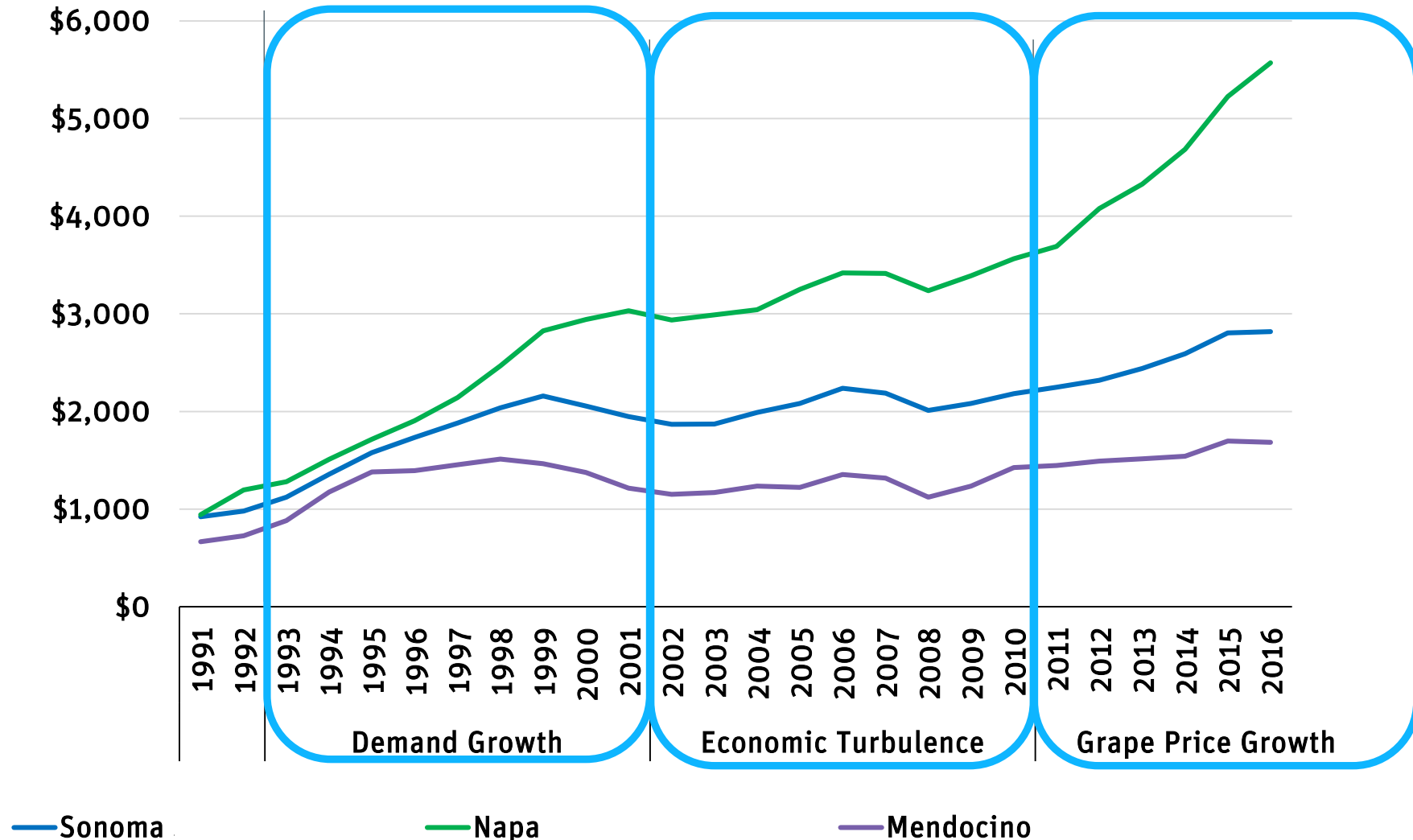
Consumption preference alcohol and cannabis

Will consumers continue to move to wine?



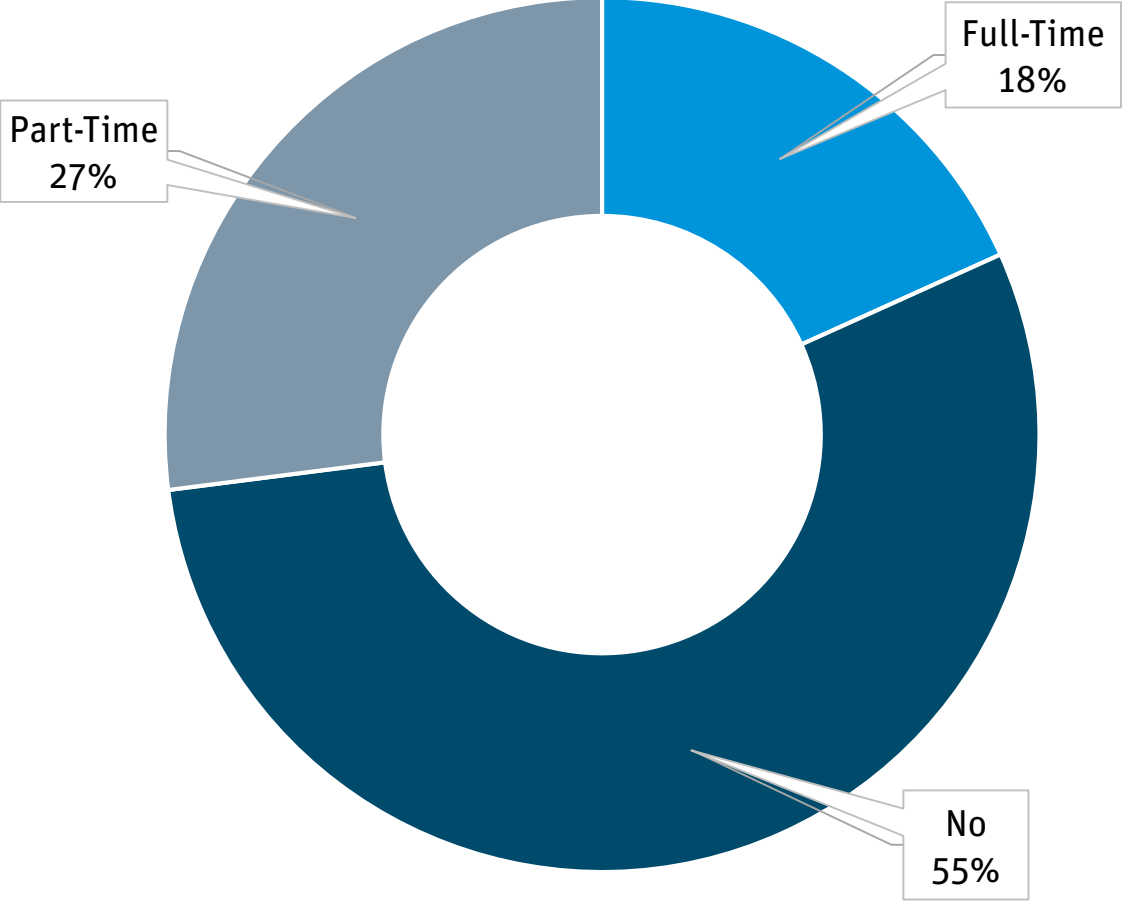
North coast CA grape price increases

The story of bubbles...The bad kind

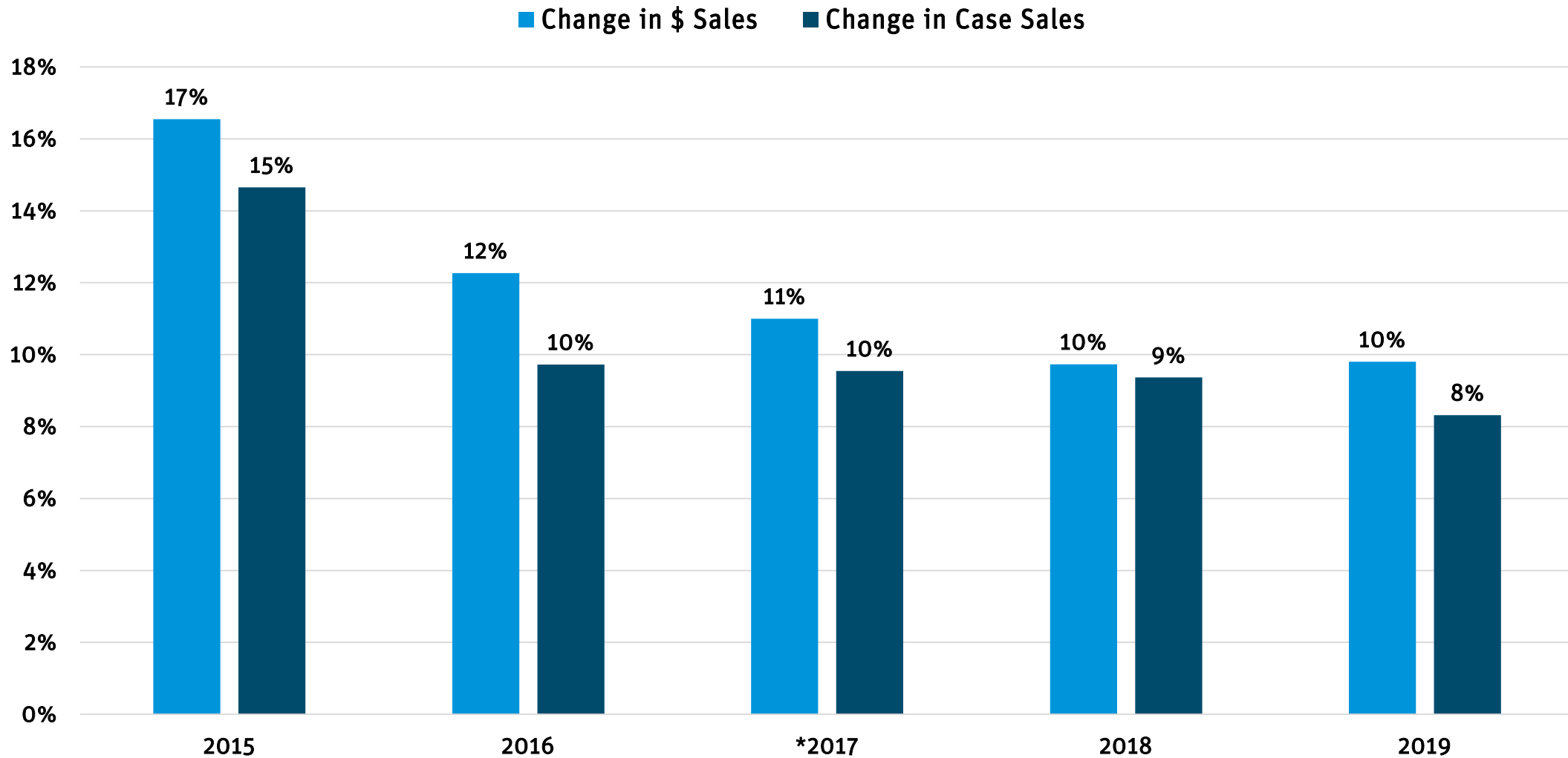


Source: USDA NASS Grape Crush Report, Vineyard Financial Associates

Do you have a full-time employee dedicated to analyzing consumer data?

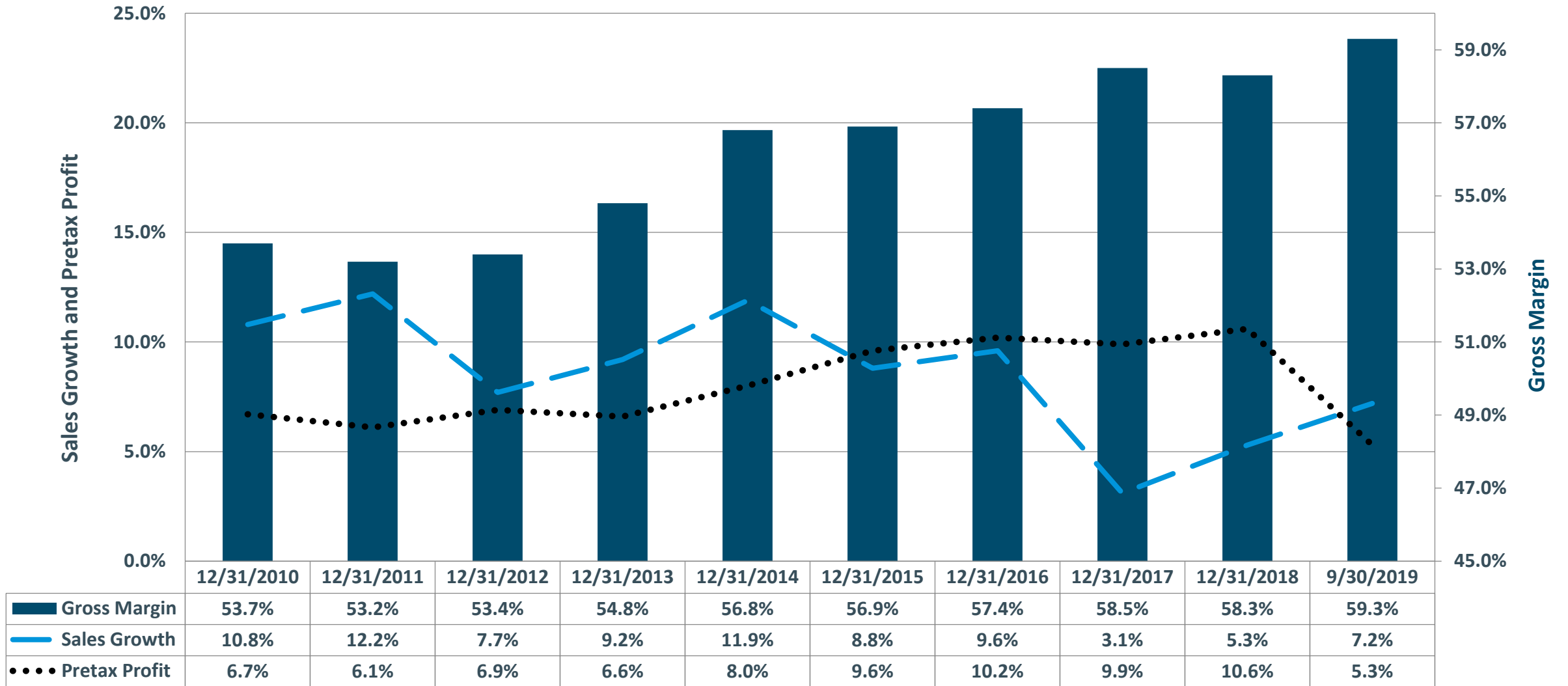


Predicted year-end sales growth



Financial performance of premium wineries

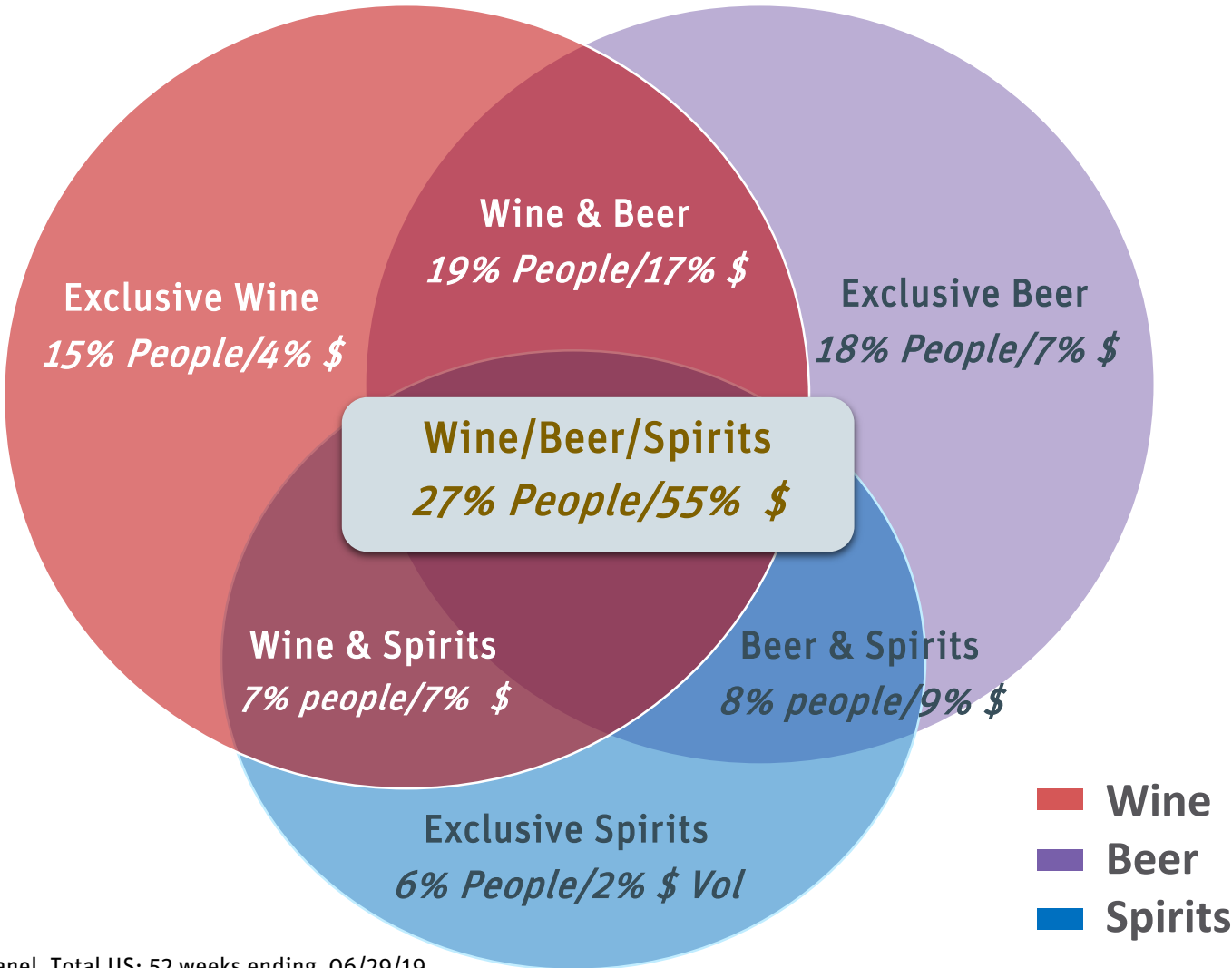
Gross margin improving while profitability is lower



Source: Silicon Valley Bank Peer Group Analysis Database

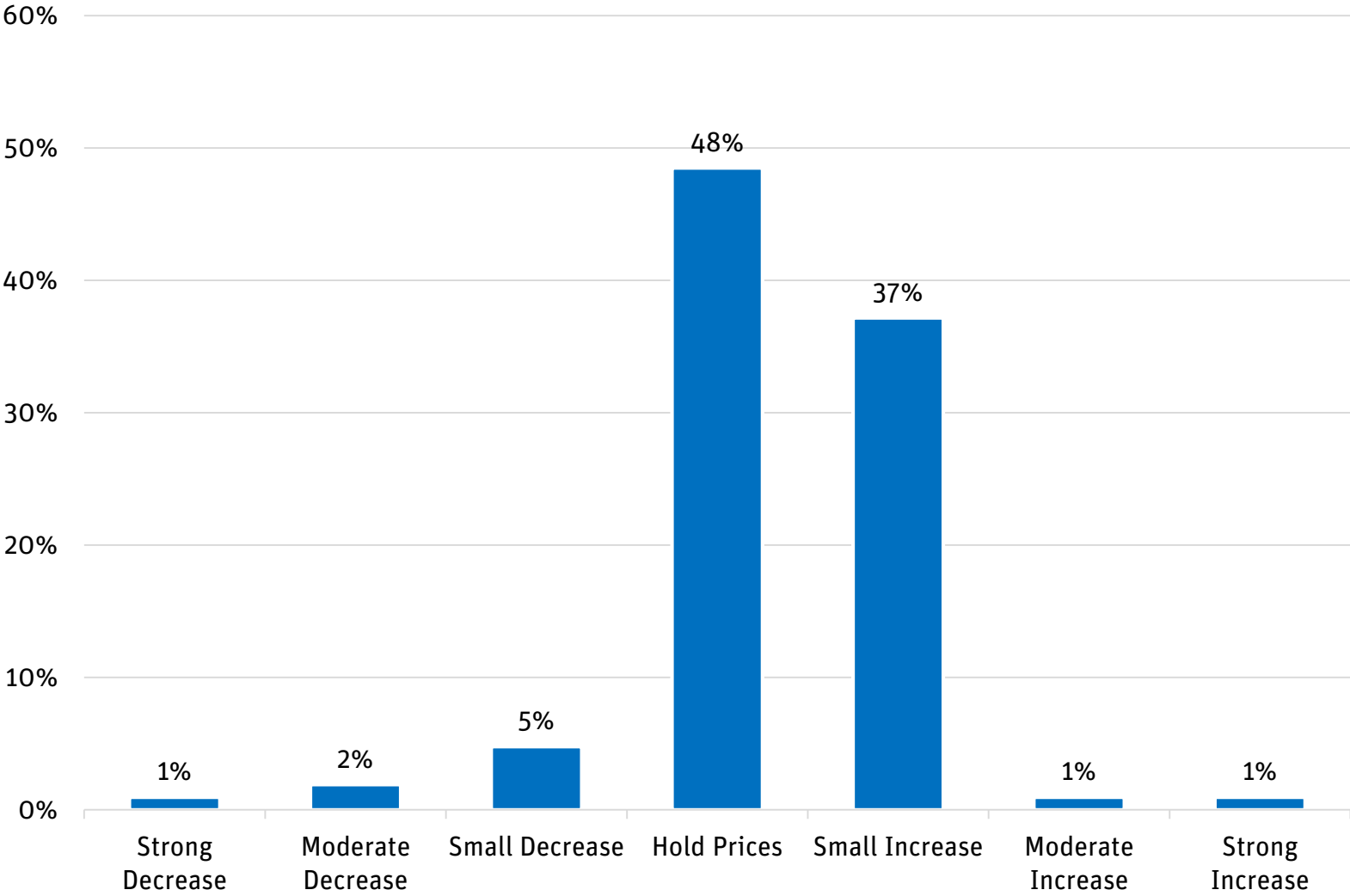
Competition is beer and spirits

Only 15% of drinkers are exclusive to wine



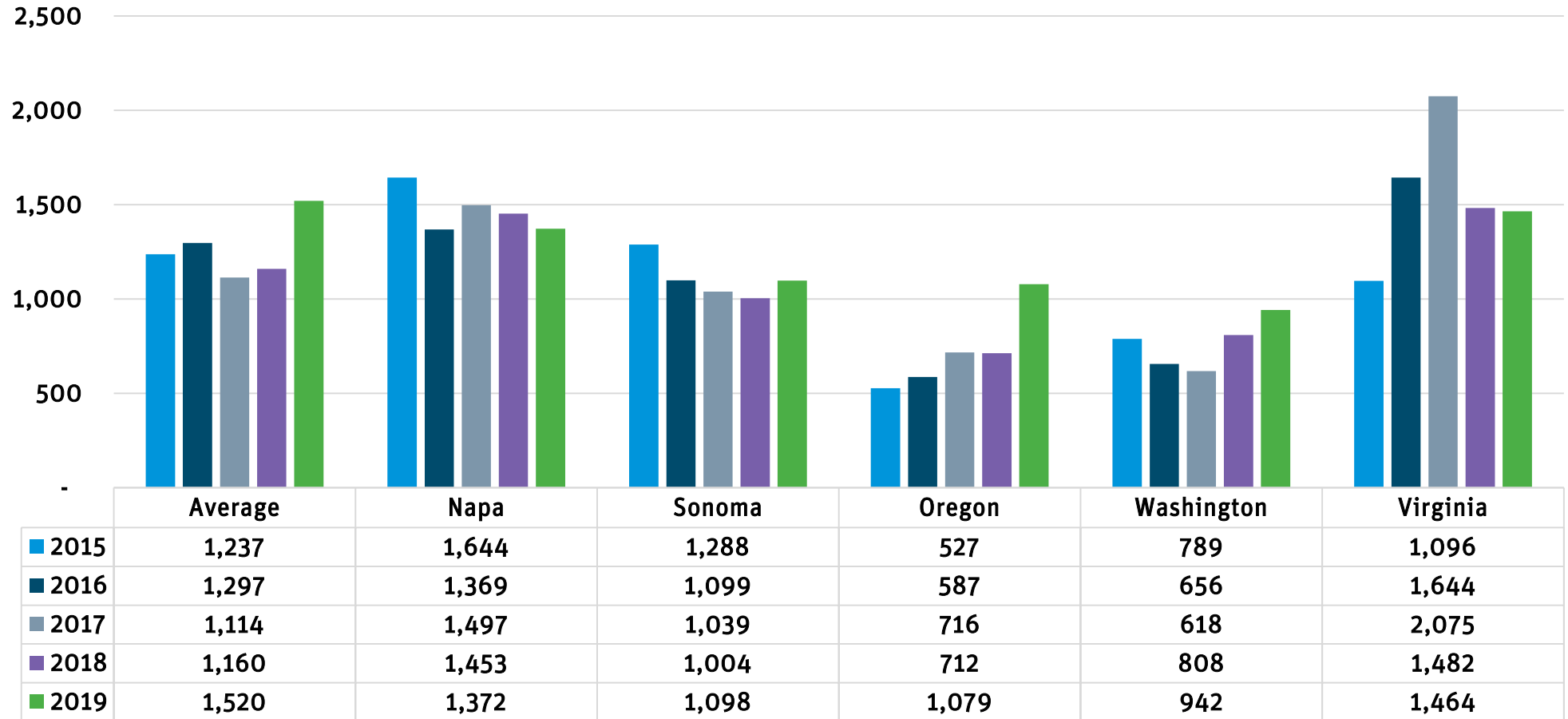
Source: Nielsen Homescan Panel, Total US: 52 weeks ending 06/29/19
Wine includes Still & Sparkling; Beer includes FMB and Ciders

Projected retail price changes in 2019

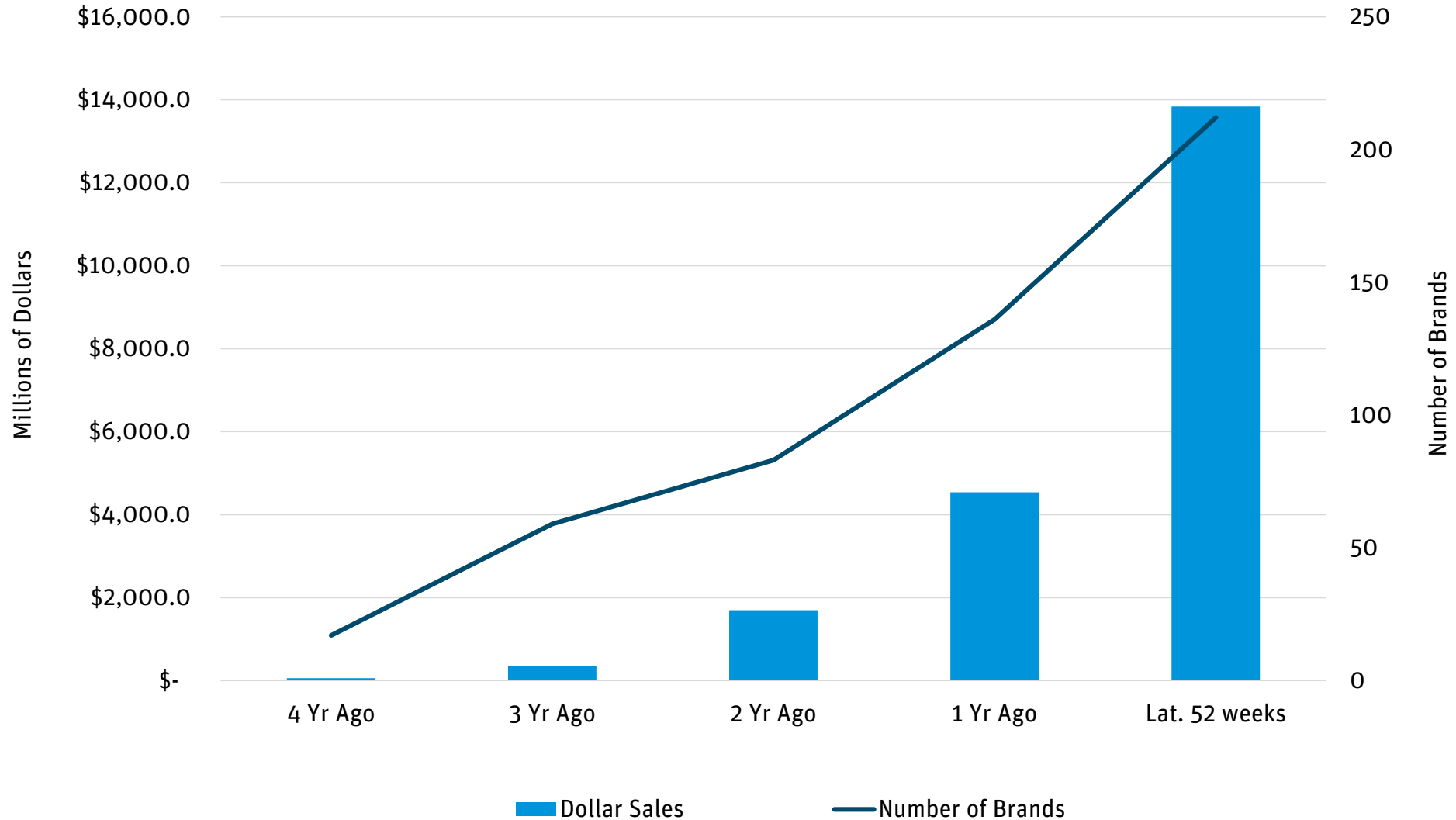


Source: SVB State of the Wine Industry Survey

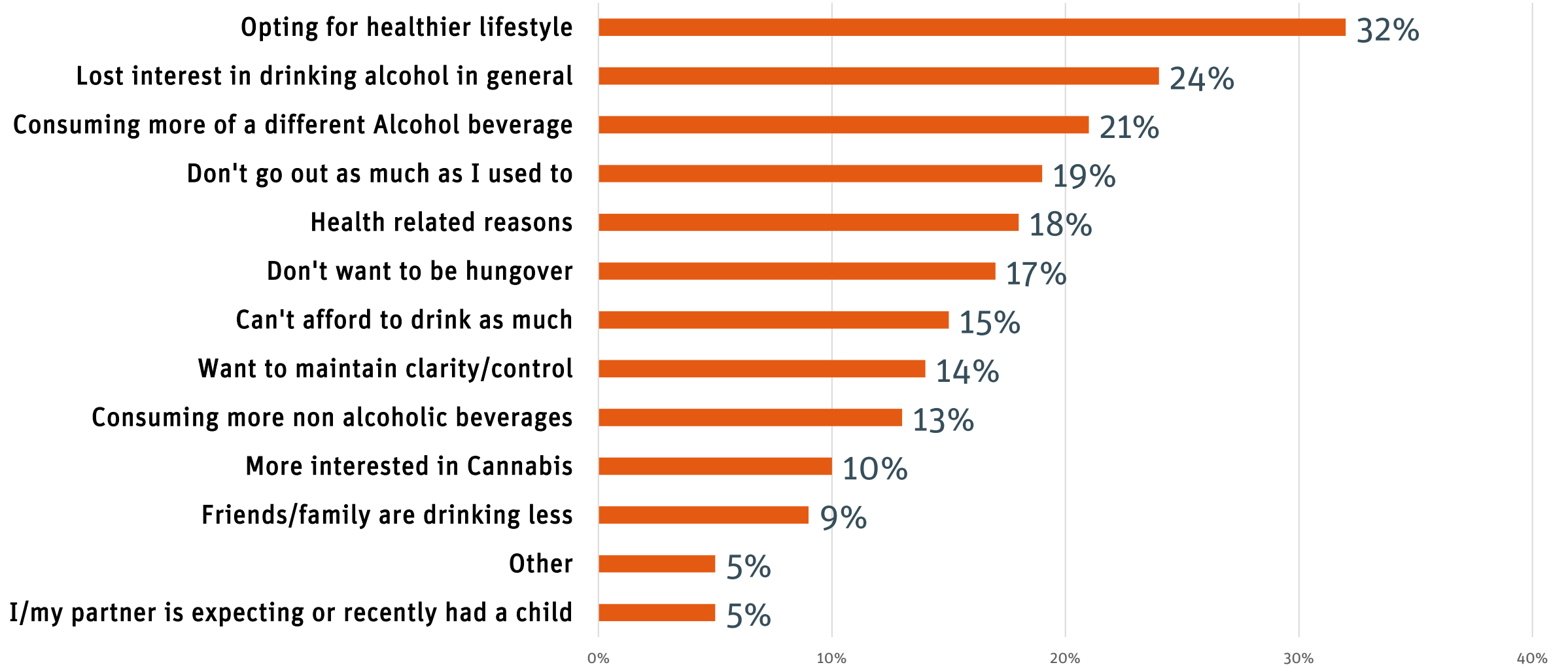
Monthly visitors to tasting room



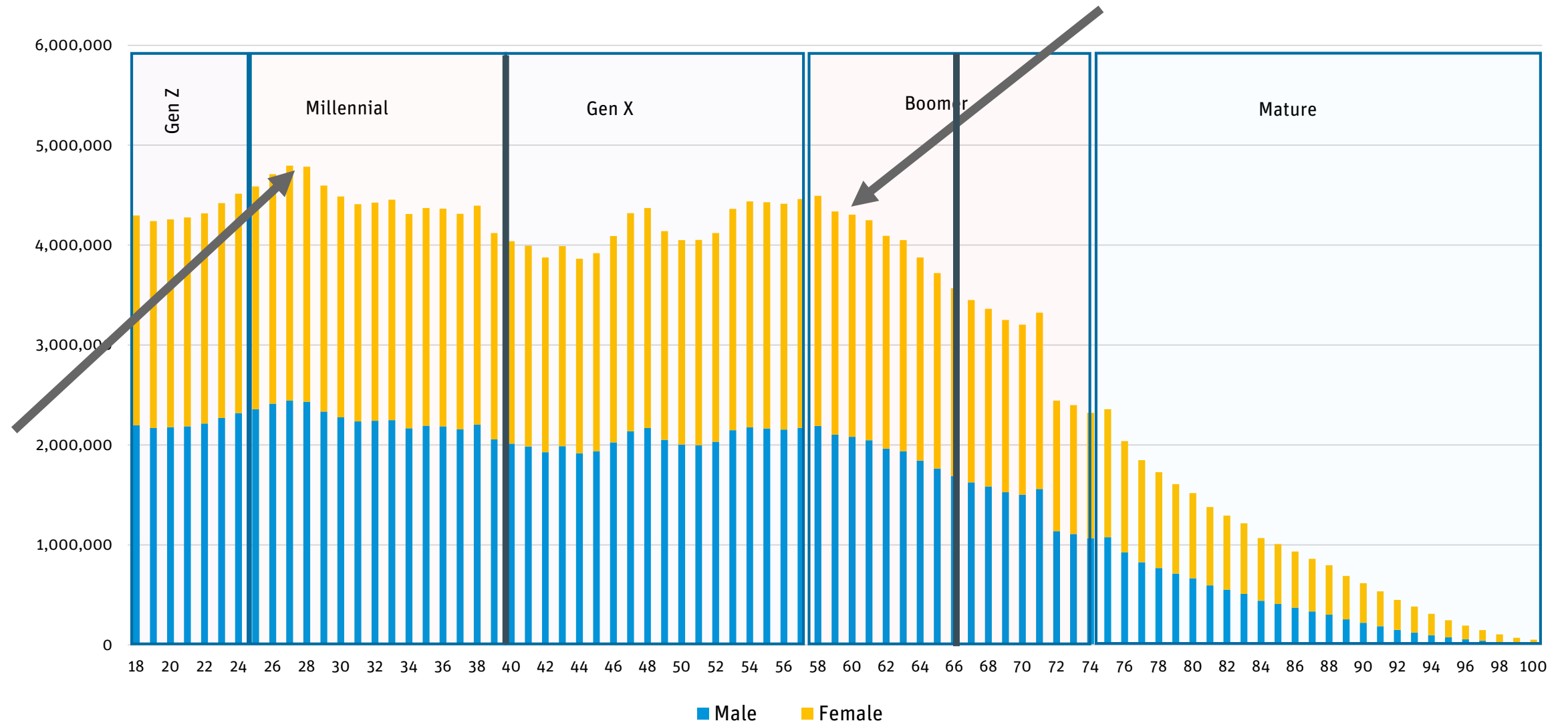
Annual growth rate in hard seltzers



Why are young consumers cutting back?



US population by age and cohort

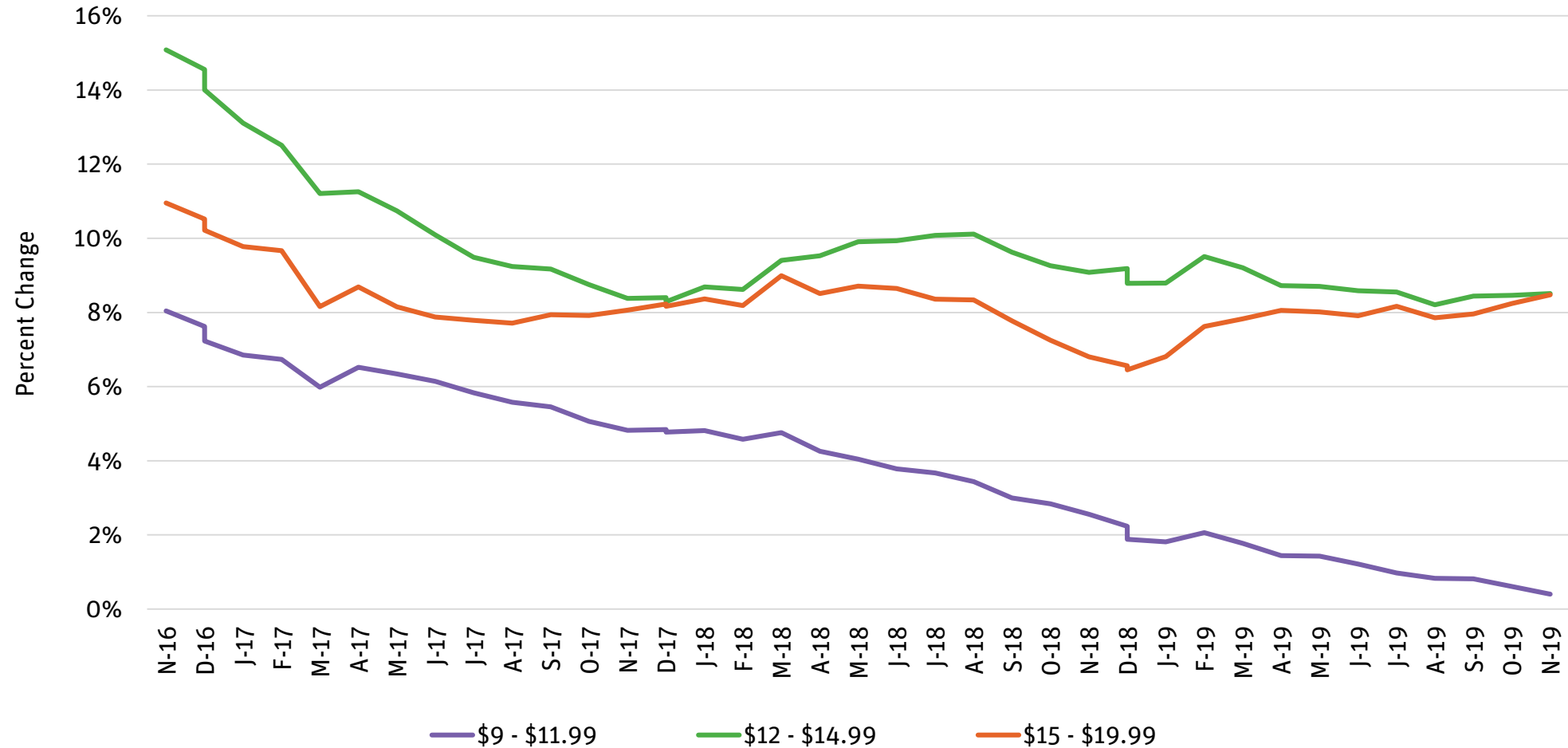


Male Female

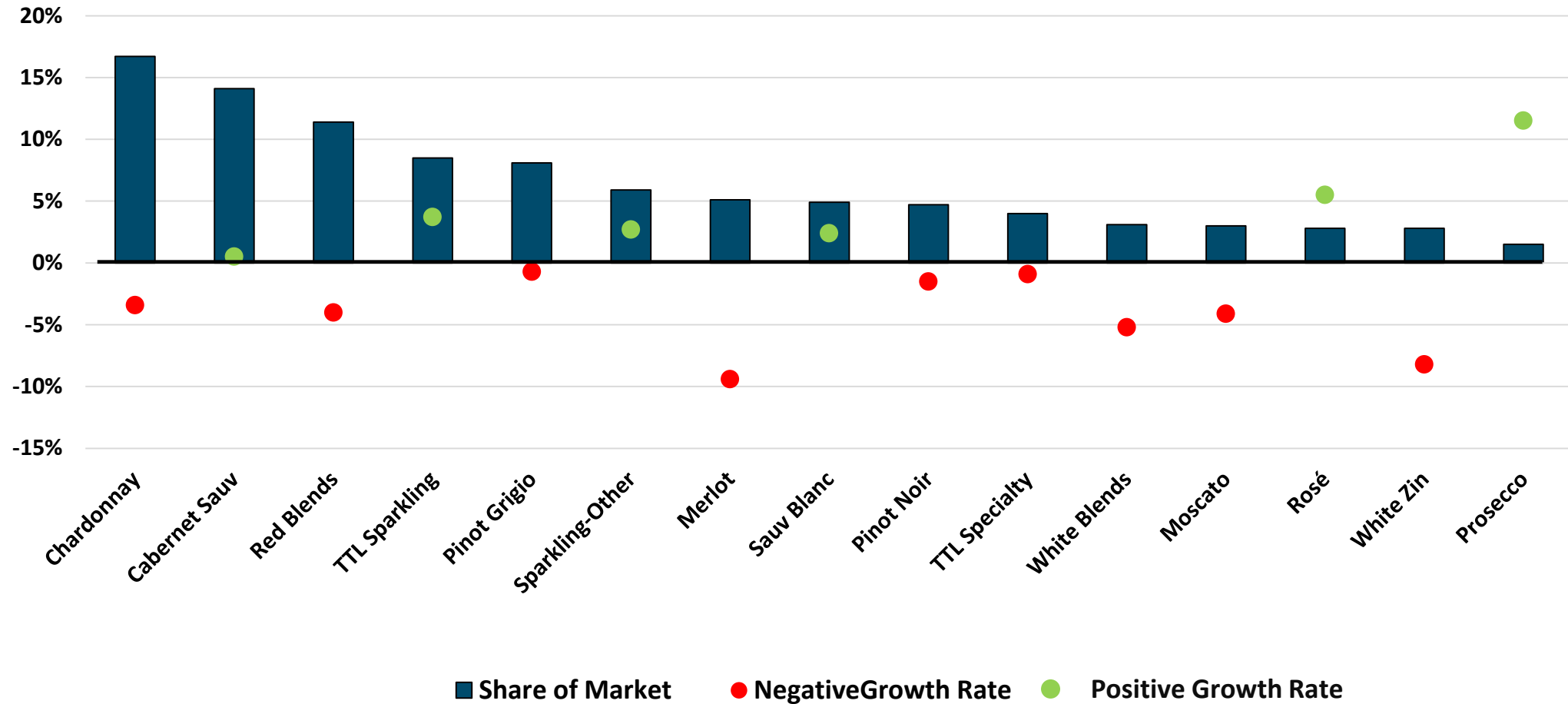


Source: US Government Populations Statistics

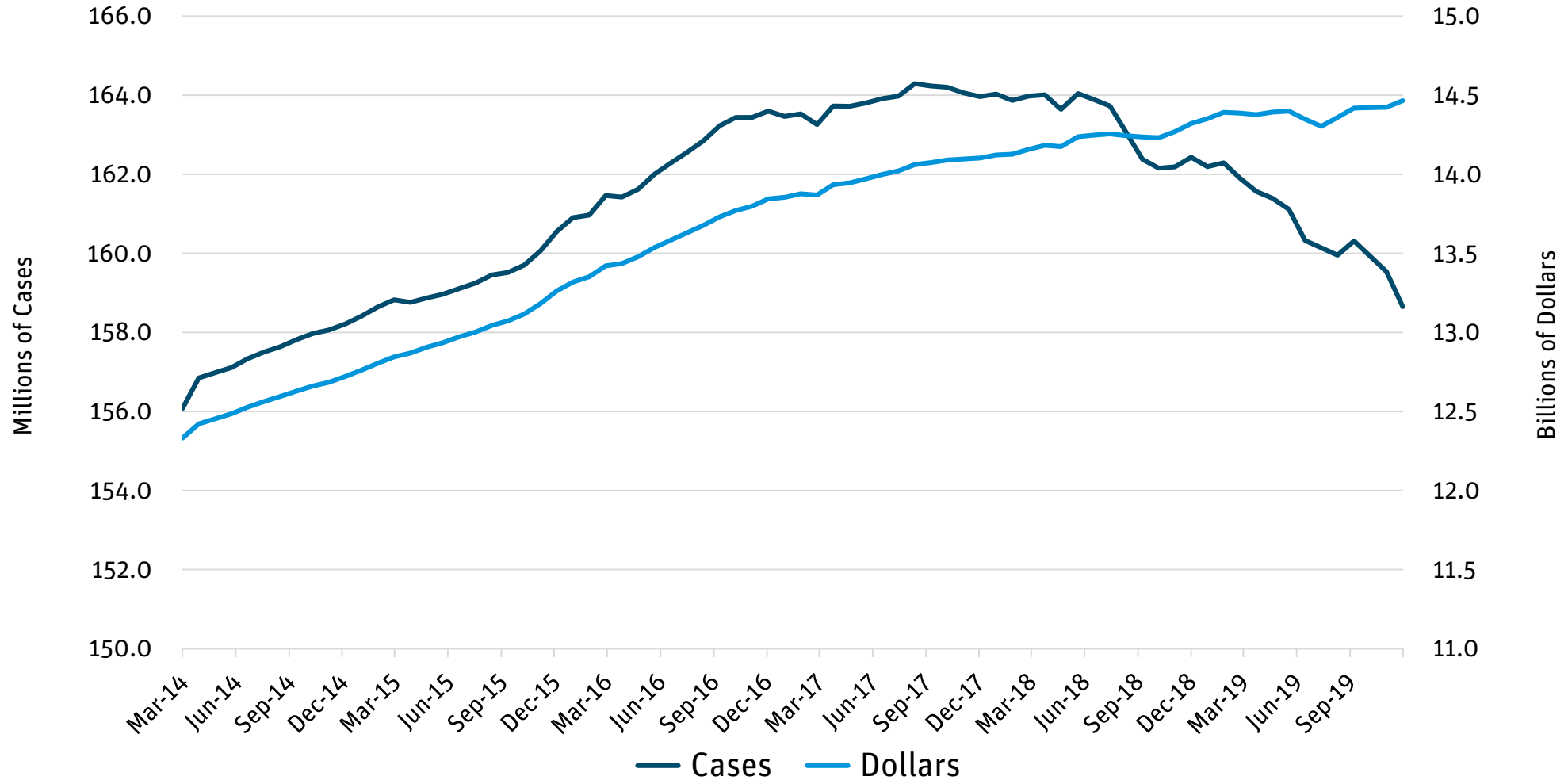
Growth rate in volume between \$9.00 – \$19.99



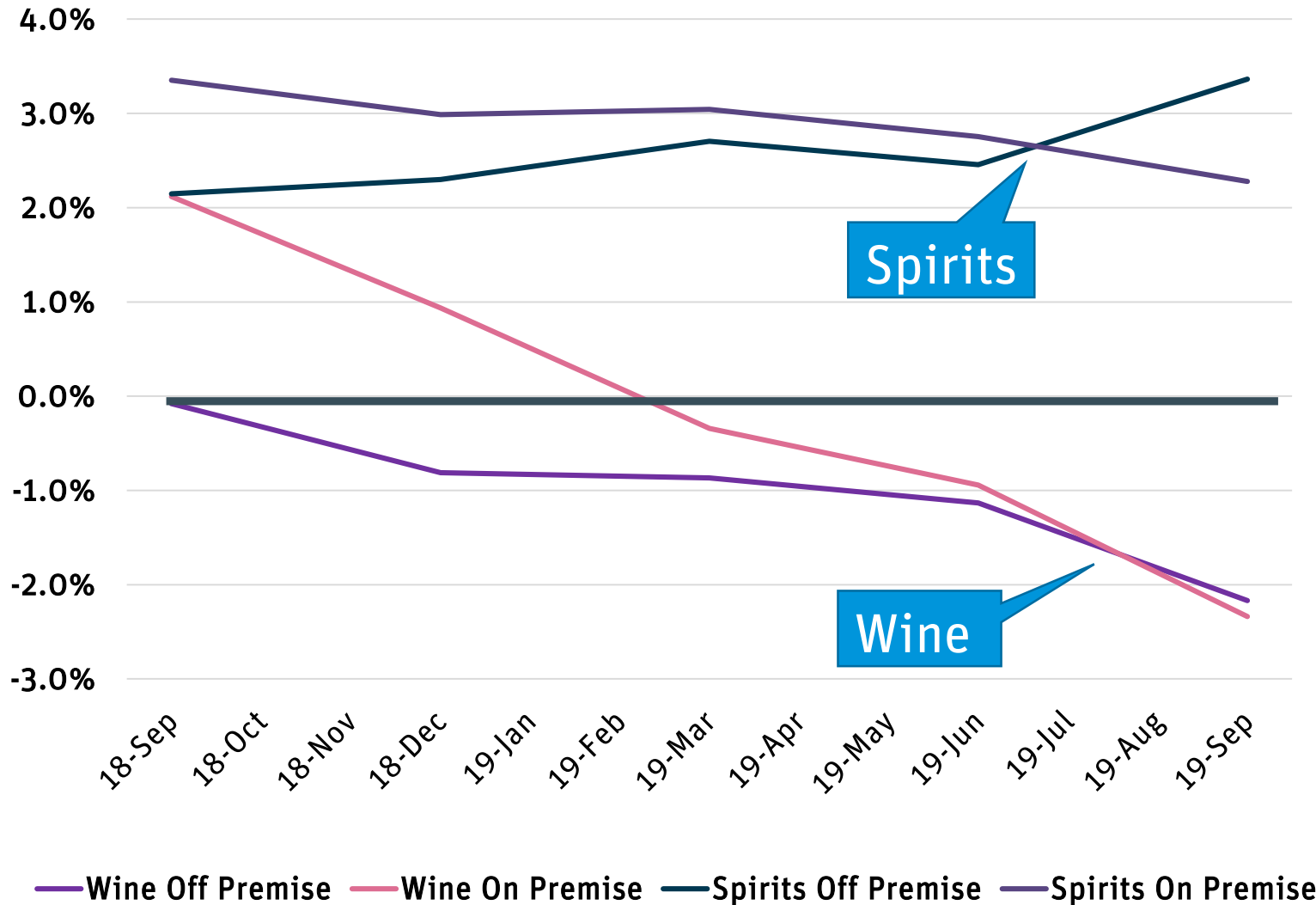
Varietal growth and share of market



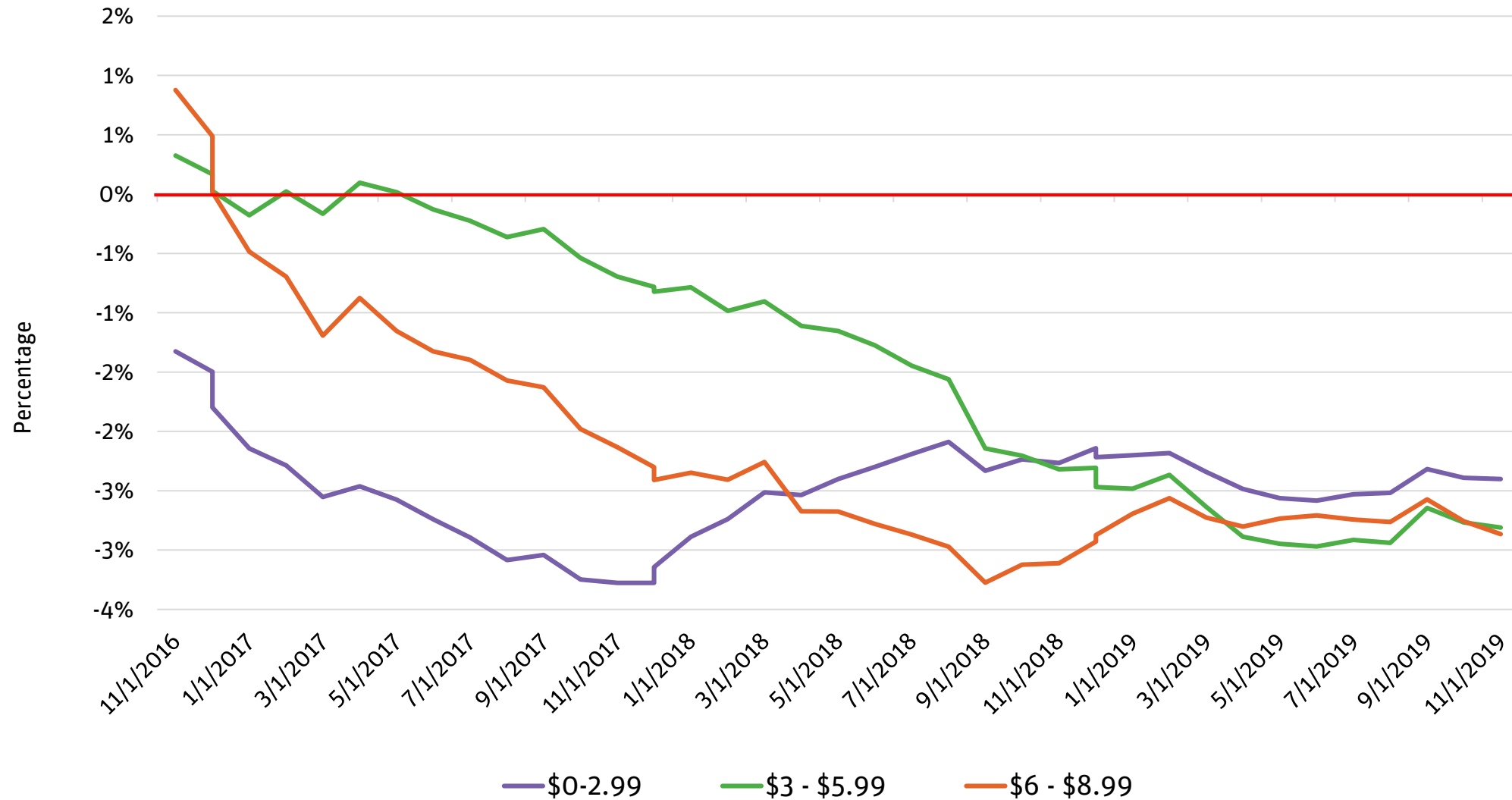
Off-premise retail sales: 2014 – 2019



Wholesale depletions of wine and spirits

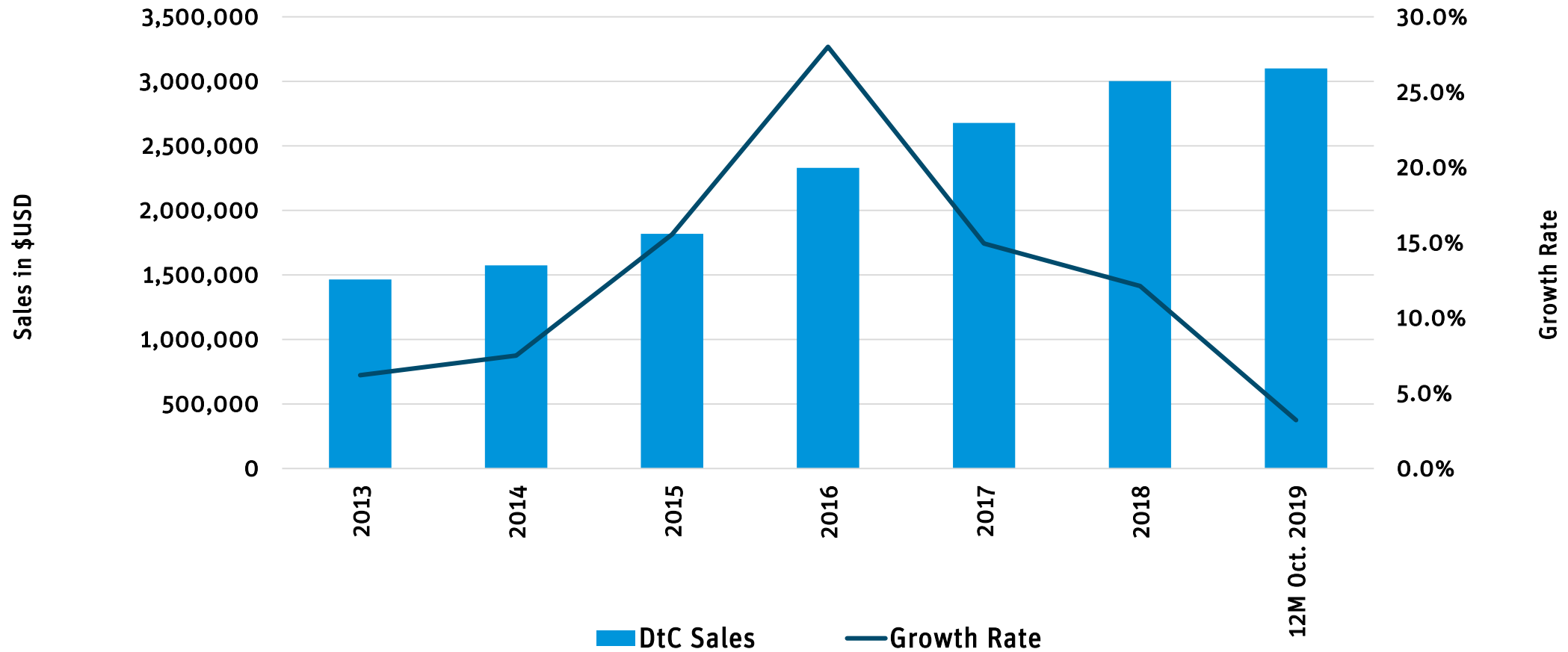


Off-premise growth rate below \$9.00

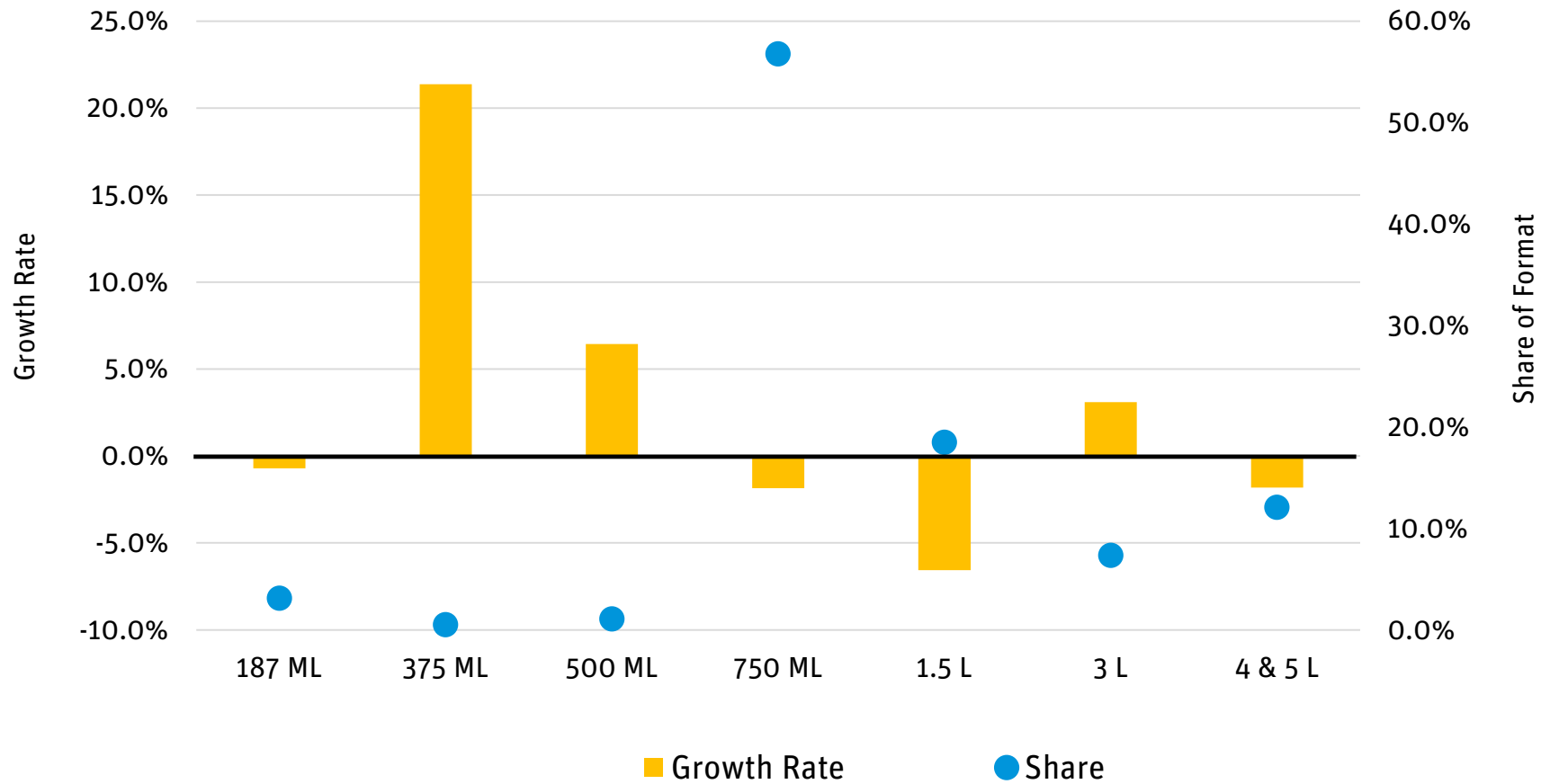


Source: Nielsen – Rolling 52 Week 11-2019

Annual sales and growth rate direct to consumer



Growth rate and share in formats



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