

PRODUCTION AND MARKET ESTIMATES 2008 - 2012



ENQUIRIES

Yvette van der Merwe Tel: (021) 807 5703
 Fax: (021) 807 6000
 E-mail: yvette@sawis.co.za
 Web page: www.sawis.co.za

Publication date: September 2007

PRODUCTION AND MARKET FORECASTS OVERVIEW - 2008 TO 2012

- From 2008 to 2012 plantings of white varieties will constitute an average of between 72.1% and 83.6% of total plantings, while red varieties will constitute between 27.9% and 16.4%. Thus a continuation of the trend that has been observed since 2004, where white plantings represented the largest part of total plantings. However, from 2008 this percentage increases annually up and until 2012.
- The average planting of white varieties during the five years amounts to 2 162 hectares, which is less than the 5% replacement rate norm which is based on a 20 year economic lifespan of vines (2 815 hectares on the 2006 vineyard standings).
- The average planting of red varieties during the five years amounts to 558 hectares, which is a quarter of the 5% replacement rate norm which is based on a 20 year economic lifespan of vines (2 292 hectares on the 2006 vineyard standings).
- Uprootings of white varieties from 2008 to 2012 is on average 1 848 hectares per annum, while red varieties will be uprooted at an average of 1 491 hectares per annum.
- Red wine available for marketing will amount to approximately 275,2 million litres in 2008, whereafter the annual decrease will be 1.0% on average until reaching 264,0 million litres in 2012. Pinotage, Cinsaut and Shiraz are the only red varieties to show a negative average growth throughout.
- White wine available for marketing will amount to approximately 689,6 million litres in 2008, whereafter the average annual increase will be 1.1% until reaching 720,1 million litres in 2012.
- The domestic demand for natural wine is expected to increase each year by an average rate of 1.6% from 2008 until 2012. In terms of volume, growth for the period amounts to 19,9 million litres.
- It is estimated that the export of natural wine will annually increase by an average of rate of 6.7% from 2008 up until 2012. In terms of volume, growth for the period will amount to 93,6 million litres. This consists of 50,5 million litres packaged wine and 43,1 million litres bulk wine.
- The demand for wine for brandy, distilling wine and grape juice concentrate and grape juice is expected to amount to 357,9 million gross litres in 2008 and increase to 403,2 million gross litres in 2012.
- Taking the stock situation into account, the market requirement in terms of the demand for red wine is expected to be met from 2008 to 2012.
- Taking the stock situation into account, it is estimated that the demand for white natural wine, wine for brandy, distilling wine and grape juice concentrate and grape juice for the period 2008 will be met, but with a drastic decrease in the stock level of white wine to 13 million litres, which is not sufficient to meet market requirements until such time as the new harvest becomes marketable. From 2011 to 2012 the demand will not be fulfilled.

BACKGROUND TO PRODUCTION FORECASTS – 2008 TO 2012

In order to assist the industry with planning processes as regards plantings, future production figures and the volume of marketable wine, production forecasts for a five year period were requested. A model was subsequently developed with input from various role players in the industry, as well as the VinPro viticultural consultants. The model takes the factors listed below into account in the calculation of vine numbers and production of winegrapes.

Uncertain	Weather conditions Ad-hoc uprootings	
Pre-determinable	Uprootings Decision-making trends	Plantings Decision-making trends
	Short term impact	Long term impact

A decision-making model has also been built into the forecast model to simulate the process involved in reaching decisions about the planting and uprooting of varieties. The logic behind this thinking is to reveal the status of varietal production in the industry over a period of a year after submission of the report, and it could happen almost immediately or take up to two years before the impact of that status results in further changes to the status of the industry, which in turn means that further changes take place as a result of the report and decision-making delays.

ASSUMPTIONS – SUPPLY

- Hectares actually planted and uprooted per region up to and including 2006.
- Hectares planted and uprooted per region and per varietal for the period 2007 to 2012 are based on a decision-making model built into the forecast model. This information is then compared to the available plant material.
- The recovery per hectare and the production curve per varietal, per region are based on information received from the VinPro viticultural consultants.
- Table grapes were constantly calculated at the average production for the period 1990 to 2006. During this period table grapes constituted an average of 4.5% of the total crop.
- Grapes intended for port and muscadel were taken into account; this represents an average of 3.8% and 1.1% respectively for red and white grapes for the period 1990 to 2006.
- **A five year industry average recovery per ton (wine and distilling products) of 688 and 807 litres per ton respectively was taken for red and white wine grapes. This is based on actual roleplayer figures as determined during the annual production survey conducted by SAWIS Inspection Services. The assumption is made that the grape juice concentrate and grape juice component are completely derived from white wine grapes, as is the case with distilling wine and wine for brandy, except in 2006 where it is assumed that 10% of the distilling wine and wine for brandy requirement were derived from red wine grapes.**
- In order to determine marketable volumes, historic certification information (2002 to 2006) was used.
- Plantings for the period 2007 to 2012 (estimate) has a minimal effect on the production estimates, since vines takes three to four years to reach maturity.

ASSUMPTIONS/NOTES – DEMAND

- The estimated sales figures as supplied are determined by the Market Forecast Committee and are based on product availability and possible growth trends. In the estimates SAWIS's domestic sale figures and the trends reflected by AC Nielsen, where applicable, are used as basis.
- To test the estimated export figures, various leading role players in the industry were involved.

ASSUMPTIONS – SUPPLY AND DEMAND SITUATION IN PERSPECTIVE

- The volumes of wine for brandy, distilling wine and grape juice concentrate and grape juice component from 2008 to 2012 were converted to gross litres by taking into account the average strength for the period 1990 to 2006.
- The grape juice concentrate and grape juice component is considered to originate fully from white wine grapes. The trend that is observed where red wine grapes are also used for the purpose of wine for brandy and distilling wine is portrayed in different scenario's on page 23.
- The sales figures with regard to Blanc de noir and Rosé were divided between red and white demand by 75% and 25% respectively.
- The sales figures with regard to sparkling and fortified wine were not included in this study.

The model used to calculate the production forecasts also has the built-in ability to construct scenarios based on planting and uprooting scenarios. This was not used in the present exercise, but could possibly be used as a planning aid in the future. **This document should furthermore be considered as a “work-in-process” document and input from all role players will be appreciated.**

PLANTINGS AND UPROOTINGS – 2007 TO 2012

1 TOTAL INDUSTRY

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	2 859	49.6	2 988	2 904	50.4	1 133	5 763	4 121
2004	3 293	60.2	3 667	2 181	39.8	1 291	5 474	4 958
2005	3 193	73.8	3 176	1 135	26.2	1 436	4 328	4 612
2006	2 562	82.7	2 704	536	17.3	1 439	3 098	4 143
2007	2 035	62.4	1 938	1 227	37.6	1 848	3 262	3 786
2008	2 103	72.1	1 868	815	27.9	1 688	2 918	3 556
2009	2 162	78.2	1 842	604	21.8	1 552	2 766	3 394
2010	2 179	81.4	1 844	498	18.6	1 458	2 677	3 302
2011	2 183	83.0	1 851	448	17.0	1 398	2 631	3 249
2012	2 184	83.6	1 836	427	16.4	1 358	2 611	3 194

* 2003 to 2006 actual, 2007 to 2012 estimate

2 PER REGION

2.1 ORANGE RIVER

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	248	94.7	338	14	5.3	9	262	347
2004	241	93.8	1 171	16	6.2	23	257	1 194
2005	295	89.1	790	36	10.9	22	331	812
2006	215	94.7	450	12	5.3	18	227	468
2007	193	89.8	115	22	10.2	18	215	133
2008	174	91.1	113	17	8.9	15	191	128
2009	169	92.9	126	13	7.1	13	182	139
2010	169	93.9	138	11	6.1	12	180	150
2011	170	94.4	144	10	5.6	11	180	155
2012	171	95.0	147	9	5.0	11	180	158

* 2003 to 2006 actual, 2007 to 2012 estimate

2.2 OLIFANTS RIVER

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	292	62.0	252	179	38.0	30	471	282
2004	377	79.2	313	99	20.8	45	476	358
2005	383	95.0	319	20	5.0	96	403	415
2006	285	92.2	310	24	7.8	154	309	464
2007	322	73.3	238	117	26.7	309	439	547
2008	308	79.4	232	80	20.6	188	388	420
2009	304	84.7	223	55	15.3	118	359	341
2010	303	88.6	218	39	11.4	88	342	306
2011	304	91.0	216	30	9.0	76	334	292
2012	305	92.7	215	24	7.3	69	329	284

* 2003 to 2006 actual, 2007 to 2012 estimate

2.3 MALMESBURY

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	391	46.5	435	450	53.5	138	841	573
2004	361	45.6	448	431	54.4	222	792	670
2005	358	68.2	415	167	31.8	219	525	634
2006	189	74.7	307	64	25.3	194	253	501
2007	62	14.6	165	363	85.4	165	425	330
2008	100	28.4	166	252	71.6	154	352	320
2009	121	39.9	171	182	60.1	149	303	320
2010	126	47.7	176	138	52.3	148	264	324
2011	127	53.4	179	111	46.6	148	238	327
2012	127	57.5	181	94	42.5	148	221	329

* 2003 to 2006 actual, 2007 to 2012 estimate

2.4 LITTLE KAROO

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	93	63.7	126	53	36.3	26	146	152
2004	114	73.1	80	42	26.9	21	156	101
2005	122	86.5	138	19	13.5	16	141	154
2006	84	90.3	95	9	9.7	21	93	116
2007	100	90.9	116	10	9.1	27	110	143
2008	97	92.4	100	8	7.6	24	105	124
2009	93	93.0	94	7	7.0	22	100	116
2010	90	92.8	93	7	7.2	20	97	113
2011	88	92.6	94	7	7.4	19	95	113
2012	85	91.4	96	8	8.6	18	93	114

* 2003 to 2006 actual, 2007 to 2012 estimate

2.5 ROBERTSON

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	508	70.6	344	212	29.4	33	720	377
2004	566	69.4	384	250	30.6	87	816	471
2005	516	75.4	360	168	24.6	59	684	419
2006	529	86.4	366	83	13.6	112	612	478
2007	496	85.4	427	85	14.6	215	581	642
2008	485	88.7	424	62	11.3	263	547	687
2009	484	89.5	417	57	10.5	259	541	676
2010	485	89.2	414	59	10.8	240	544	654
2011	485	88.5	413	63	11.5	223	548	636
2012	485	87.9	413	67	12.1	209	552	622

* 2003 to 2006 actual, 2007 to 2012 estimate

2.6 PAARL

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	399	32.1	499	843	67.9	303	1 242	802
2004	360	41.0	515	518	59.0	335	878	850
2005	287	57.4	480	213	42.6	384	500	864
2006	173	67.3	404	84	32.7	348	257	752
2007	55	24.6	299	169	75.4	399	224	698
2008	101	50.8	313	98	49.2	361	199	674
2009	126	64.9	326	68	35.1	338	194	664
2010	132	70.2	335	56	29.8	324	188	659
2011	133	71.9	340	52	28.1	316	185	656
2012	133	71.5	318	53	28.5	311	186	629

* 2003 to 2006 actual, 2007 to 2012 estimate

2.7 STELLENBOSCH

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	259	28.1	500	663	71.9	430	922	930
2004	380	45.9	379	448	54.1	401	828	780
2005	357	54.6	230	297	45.4	541	654	771
2006	203	64.2	245	113	35.8	444	316	689
2007	186	45.3	206	225	54.7	504	411	710
2008	216	61.9	181	133	38.1	469	349	650
2009	233	72.4	173	89	27.6	440	322	613
2010	236	77.6	172	68	22.4	417	304	589
2011	237	80.3	173	58	19.7	401	295	574
2012	237	81.2	175	55	18.8	388	292	563

* 2003 to 2006 actual, 2007 to 2012 estimate

2.8 WORCESTER

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2003	670	57.8	494	490	42.2	162	1 160	656
2004	894	70.3	377	377	29.7	156	1 271	533
2005	875	80.3	445	215	19.7	99	1 090	544
2006	885	85.8	527	146	14.2	148	1 031	675
2007	620	72.3	372	237	27.7	211	857	583
2008	622	79.0	339	165	21.0	214	787	553
2009	633	82.6	312	133	17.4	213	766	525
2010	637	84.1	299	120	15.9	209	757	508
2011	638	84.6	294	116	15.4	205	754	499
2012	638	84.5	291	117	15.5	203	755	494

* 2003 to 2006 actual, 2007 to 2012 estimate

TOTAL RED AND WHITE WINE PRODUCTION 1997 - 2012

White wine production in 1997 accounted for 90.6% of the total wine grape harvest, however, in 2006 it accounted for only 72.2%. Over the estimated period white wine production will increase to 72.7% in 2007, then decrease to 71.5% in 2008, thereafter increasing to 73.6% in 2012. Red wine production increased from 9.4% in 1997 to 27.8% in 2006. Over the estimated period it will decrease to 27.3% in 2007 and then increase to 28.5% in 2008, thereafter decreasing annually to 26.4% in 2012. The 2006 harvest of 1 013,0 million litres, shows an increase of 12% on 2005.

Table 1 Total wine production

	1997	1998	1999	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
White	798 365 180	732 828 542	816 962 558	723 760 817	612 824 555	675 896 277	727 251 413	763 459 634
% White of total	90.6%	89.9%	89.4%	86.4%	82.1%	81.0%	76.1%	75.2%
Red	82 549 979	82 746 947	97 132 932	113 448 986	133 660 679	158 259 917	228 764 098	252 237 357
% Red of total	9.4%	10.1%	10.6%	13.6%	17.9%	19.0%	23.9%	24.8%
Total	880 915 159	815 575 489	914 095 490	837 209 803	746 485 234	834 156 194	956 015 511	1 015 696 991
	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
White	660 746 853	730 927 243	762 961 000	691 054 649	699 873 681	707 521 342	714 366 368	720 894 864
% White of total	73.0%	72.2%	72.7%	71.5%	71.9%	72.4%	73.0%	73.6%
Red	244 479 737	282 052 945	286 539 000	275 167 248	272 929 348	269 537 783	264 754 641	258 814 756
% Red of total	27.0%	27.8%	27.3%	28.5%	28.1%	27.6%	27.0%	26.4%
Total	905 226 590	1 012 980 188	1 049 500 000	966 221 898	972 803 029	977 059 126	979 121 009	979 709 620

For the period 1997 to 2006 wine production was split between red and white in accordance with the percentages published in Table 6.2 of the S A Wine Industry Statistics Nr 31, 2007. Distilling wine, wine for brandy and grape juice concentrate and grape juice is taken up as white wine production, except in 2006 where it is assumed that 10% of the distilling wine and wine for brandy requirement were derived from red wine grapes. For 2007 the same principal was applied with regards to the estimated harvest as predicted on 29/08/2007. For the period 2008 to 2012 the estimates of the model was used.

RED WINE - SUPPLY 2008 TO 2012

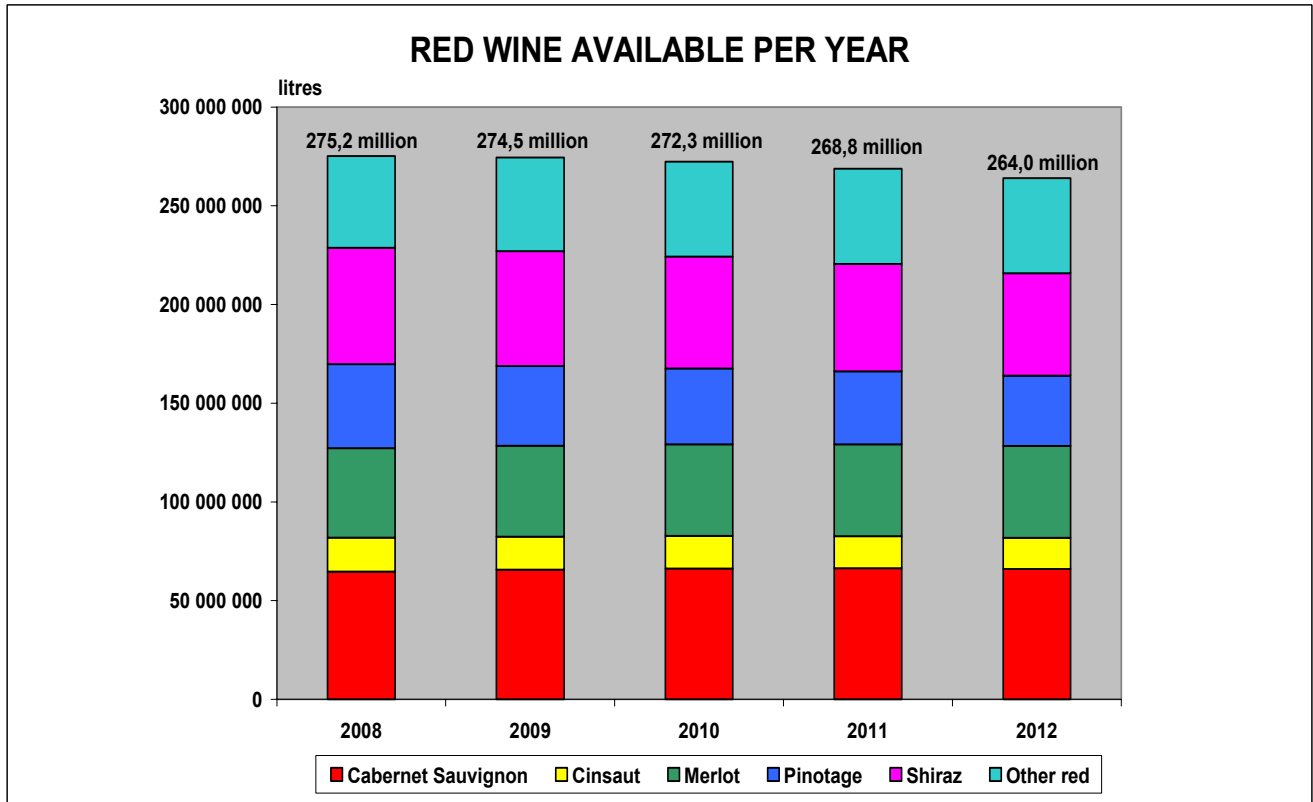
The latest estimates indicate that red wine available for marketing (does not reflect production, in order to determine marketable volumes, historic certification information from 2002 to 2006 was used) in 2008 will be an estimated 275,2 million litres, whereafter it will decrease annually by an average of 1.0% to reach 264,0 million litres in 2012.

Other red shows an annual average increase of 1.3% until 2011, whereafter the availability decreases by 0.3% in 2012. Merlot experiences an annual average increase of 0.9% up to 2011, followed by a 0.03% decrease in 2012. Cabernet Sauvignon shows an annual average increase of 0.8% up until 2011, followed by a decrease of 0.5% in 2012. Pinotage shows a negative annual average growth (-4.3%), as does Shiraz (-3.2%) and Cinsaut (-2.1%). The volumes available per variety for the industry as a whole from 2008 to 2012 are set out in Table 2 and Graph 1.

Table 2 Industry - red wine available for marketing

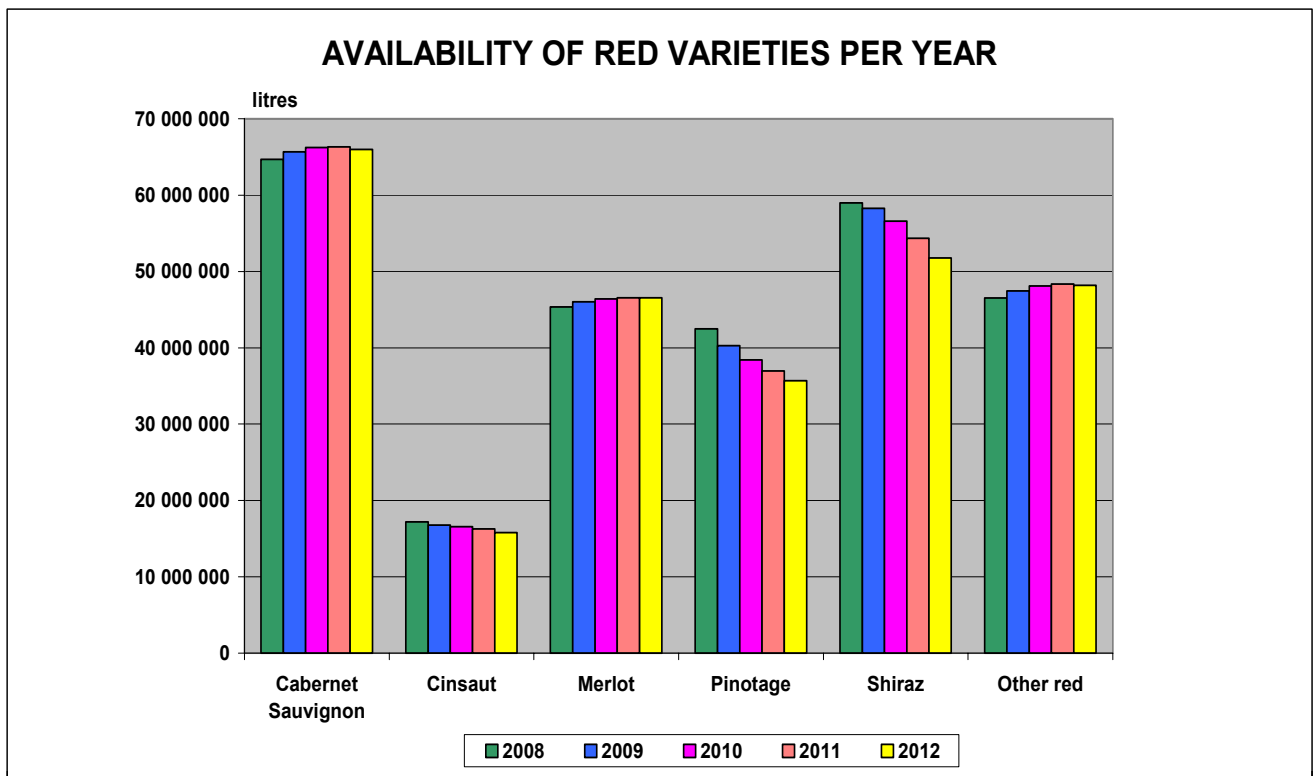
	2008	2009	2010	2011	2012
Cabernet Sauvignon	64 688 036	65 662 085	66 221 512	66 332 216	65 997 791
Cinsaut	17 182 049	16 777 980	16 561 507	16 259 752	15 792 587
Merlot	45 349 271	46 016 128	46 395 065	46 558 964	46 544 825
Pinotage	42 490 852	40 286 455	38 416 420	36 949 096	35 689 179
Shiraz	59 000 376	58 278 664	56 591 541	54 368 100	51 785 216
Other red	46 505 507	47 448 051	48 087 321	48 346 675	48 189 739
Total	275 216 091	274 469 363	272 273 366	268 814 803	263 999 337

Graph 1

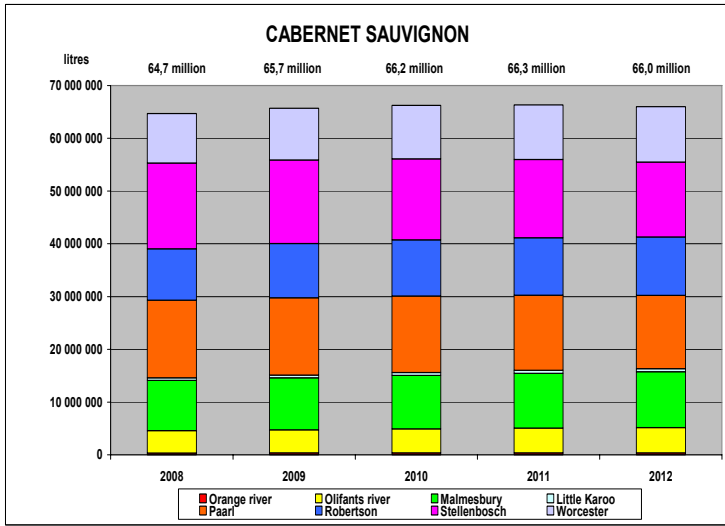


In Graph 2 the availability (per year) of the different red wine varieties are compared to each other. In Graph 3 the availability (per region and year) of Cabernet Sauvignon, the variety of which the largest volume will be available from 2008 to 2012, is set out. Shiraz (Graph 5) holds the second position from 2008 to 2012, while Other red (Graph 8) holds the third position from 2008 to 2012. Merlot (Graph 7) holds the fourth position from 2008 to 2012. Pinotage (Graph 4) and Cinsaut (Graph 6) holds the fifth and sixth positions respectively throughout.

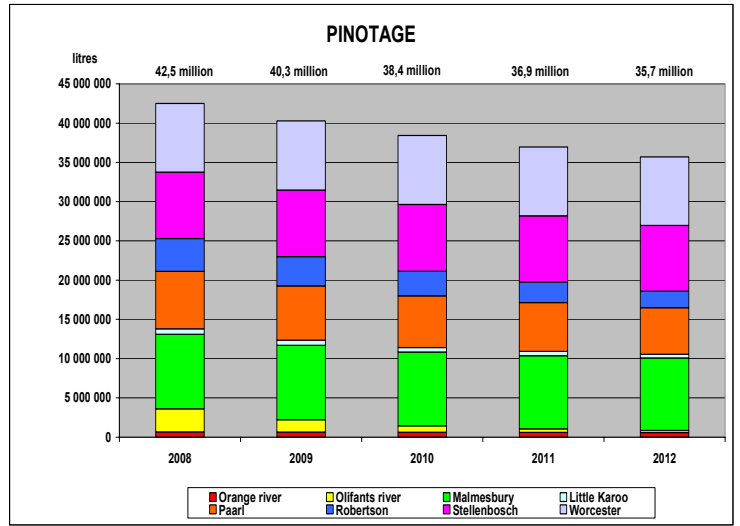
Graph 2



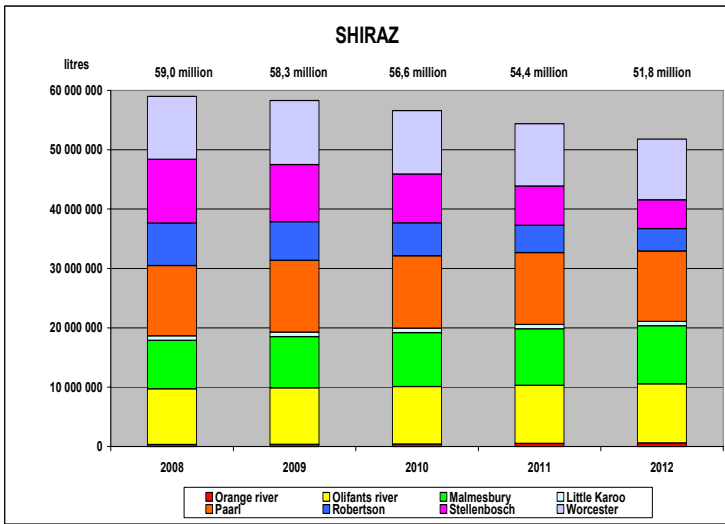
Graph 3



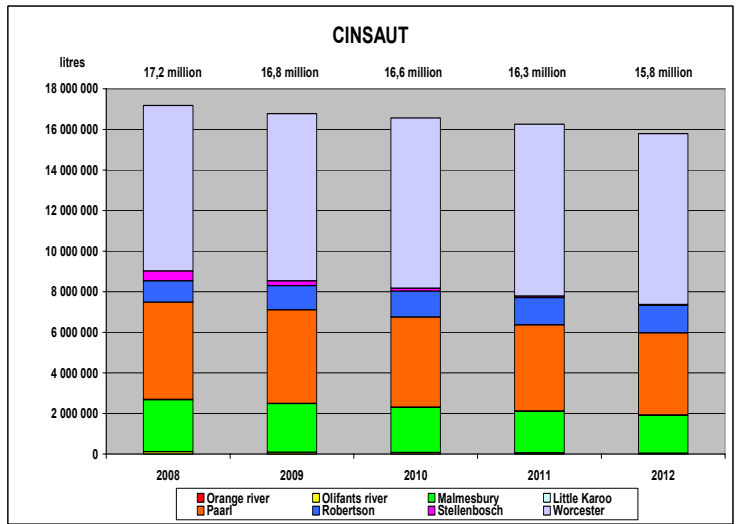
Graph 4



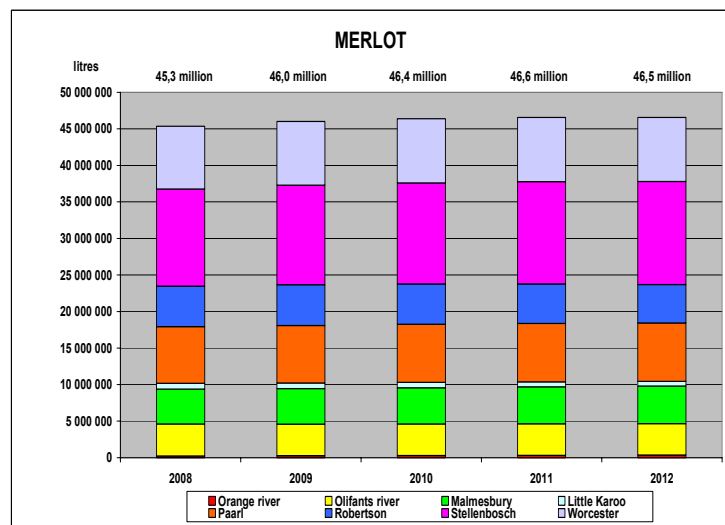
Graph 5



Graph 6



Graph 7



Graph 8

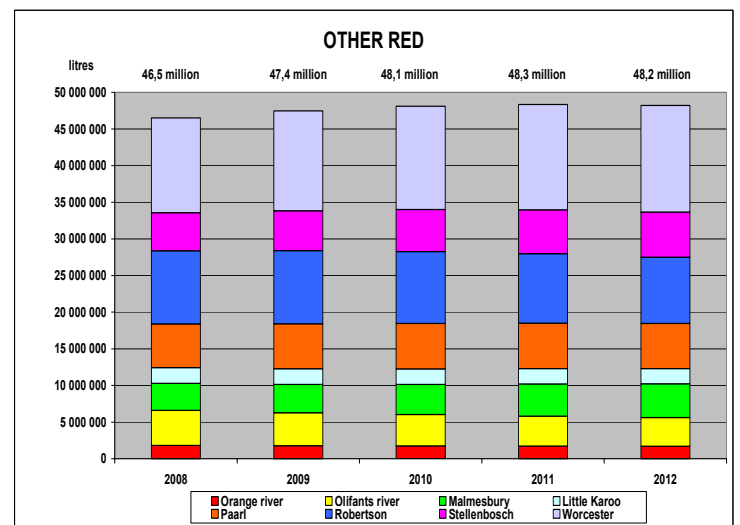


Table 3 to 10 and Graph 9 to 16 set out the availability of red wine in the various regions. Worcester occupies the first position from 2008 to 2012. Stellenbosch holds the second position from 2008 to 2009, followed by Paarl from 2010 to 2012. Malmesbury (2%) shows the biggest positive average annual growth from 2008 to 2012 followed by Orange River and Worcester (1%). Robertson (4%), Stellenbosch and Olifants River (3%), Little Karoo (2%) and Paarl (1%) all show a negative average annual growth from 2008 to 2012.

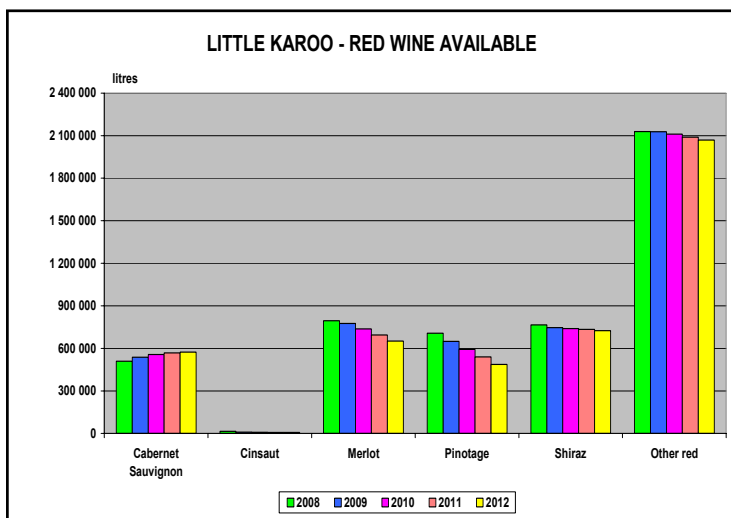
Table 3 Little Karoo – red wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Cabernet Sauvignon	509 256	537 587	556 624	568 105	574 066
Cinsaut	15 147	9 566	8 118	7 659	7 481
Merlot	794 464	775 341	737 195	694 334	651 322
Pinotage	706 325	649 031	592 676	539 146	487 518
Shiraz	765 326	746 316	739 730	733 701	724 935
Other red	2 129 535	2 128 742	2 110 949	2 089 772	2 068 856
Total	4 920 053	4 846 583	4 745 292	4 632 717	4 514 178

Table 4 Malmesbury – red wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Cabernet Sauvignon	9 492 775	9 826 148	10 134 945	10 399 095	10 593 449
Cinsaut	2 564 495	2 396 989	2 229 420	2 057 356	1 876 166
Merlot	4 766 697	4 848 030	4 959 914	5 061 768	5 138 170
Pinotage	9 490 972	9 475 915	9 396 018	9 308 849	9 213 530
Shiraz	8 160 621	8 643 610	9 111 441	9 513 801	9 813 865
Other red	3 680 701	3 881 801	4 124 768	4 385 412	4 632 537
Total	38 156 261	39 072 493	39 956 506	40 726 281	41 267 717

Graph 9



Graph 10

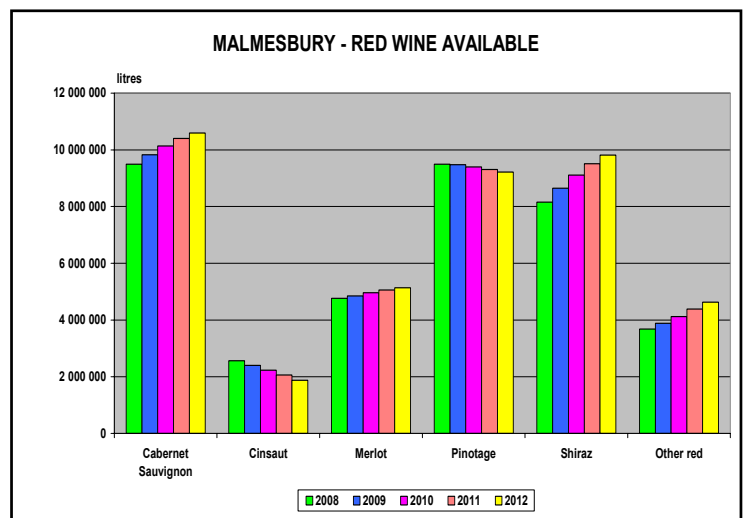


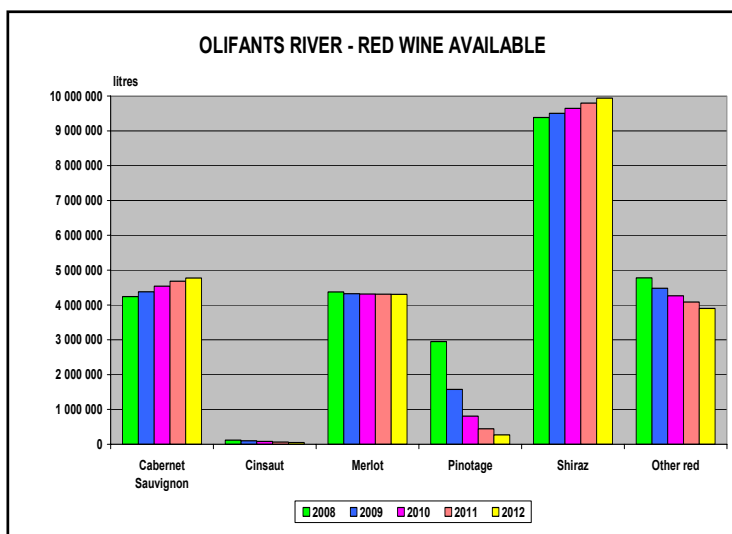
Table 5 Olifants River – red wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Cabernet Sauvignon	4 240 490	4 381 925	4 542 345	4 679 927	4 771 735
Cinsaut	117 224	99 359	82 729	67 163	51 804
Merlot	4 371 866	4 326 159	4 314 478	4 313 833	4 308 913
Pinotage	2 948 988	1 576 443	809 937	445 923	269 678
Shiraz	9 387 224	9 501 794	9 645 628	9 799 896	9 937 251
Other red	4 779 181	4 483 549	4 265 289	4 084 503	3 901 320
Total	25 844 973	24 369 229	23 660 406	23 391 245	23 240 701

Table 6 Orange River – red wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Cabernet Sauvignon	357 733	367 210	377 091	384 734	389 121
Cinsaut	6	2	1		
Merlot	236 469	264 065	290 270	316 799	343 574
Pinotage	661 893	643 821	624 416	607 311	590 620
Shiraz	346 570	381 122	444 591	526 596	608 387
Other red	1 831 385	1 784 407	1 760 535	1 733 544	1 699 813
Total	3 434 056	3 440 627	3 496 904	3 568 984	3 631 515

Graph 11



Graph 12

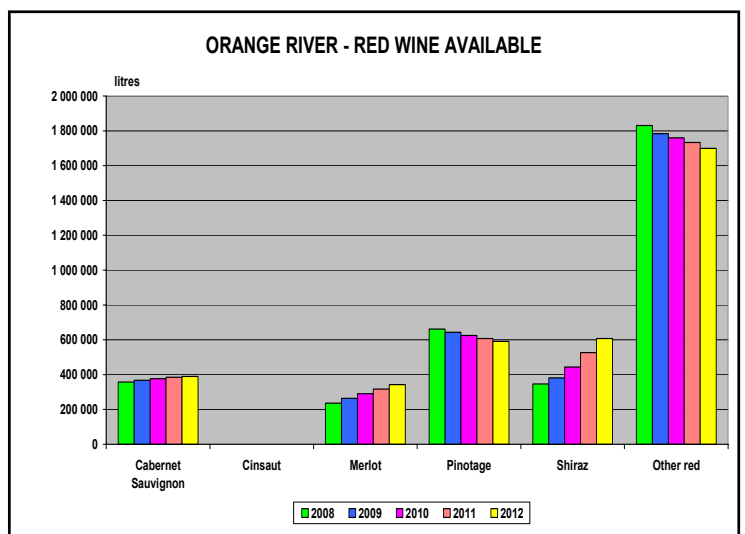


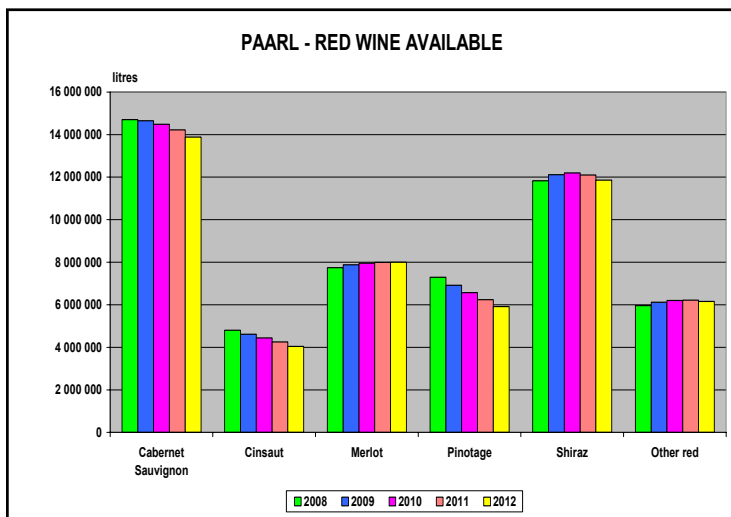
Table 7 Paarl – red wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Cabernet Sauvignon	14 703 681	14 652 507	14 489 932	14 224 862	13 881 595
Cinsaut	4 798 015	4 615 513	4 437 918	4 248 354	4 044 808
Merlot	7 741 183	7 879 365	7 958 272	7 992 885	7 997 193
Pinotage	7 294 129	6 920 167	6 572 949	6 242 462	5 916 537
Shiraz	11 830 170	12 120 144	12 200 390	12 102 526	11 864 048
Other red	5 968 006	6 119 625	6 205 018	6 216 436	6 160 238
Total	52 335 184	52 307 321	51 864 479	51 027 525	49 864 419

Table 8 Robertson – red wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Cabernet Sauvignon	9 763 471	10 280 419	10 630 221	10 883 510	11 075 250
Cinsaut	1 053 115	1 184 881	1 282 245	1 335 678	1 347 184
Merlot	5 551 236	5 580 370	5 506 535	5 391 702	5 261 381
Pinotage	4 197 170	3 710 259	3 151 412	2 606 509	2 094 298
Shiraz	7 198 522	6 493 229	5 556 196	4 625 784	3 784 665
Other red	9 979 137	9 983 184	9 788 322	9 457 005	9 041 757
Total	37 742 651	37 232 342	35 914 931	34 300 188	32 604 535

Graph 13



Graph 14

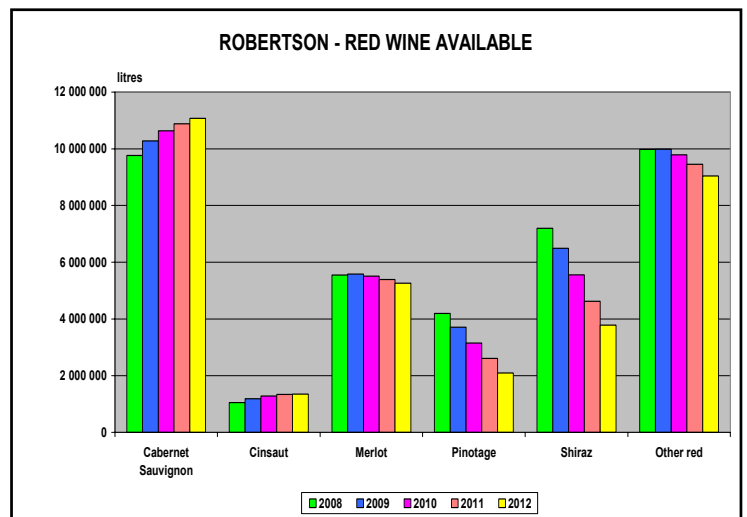


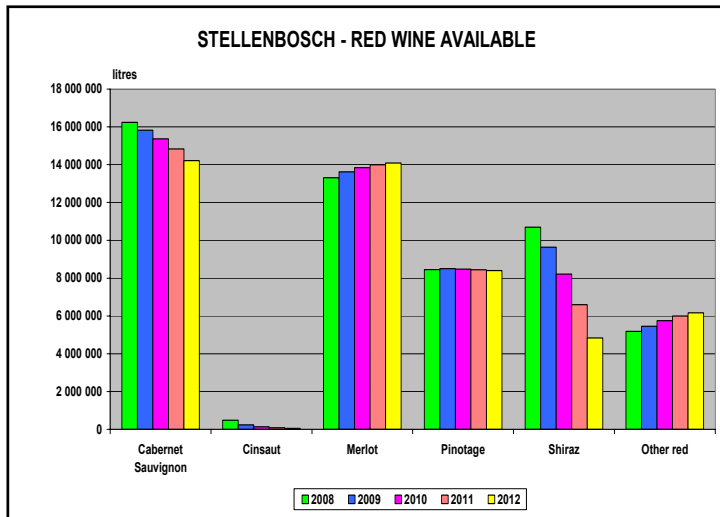
Table 9 Stellenbosch - red wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Cabernet Sauvignon	16 238 180	15 823 157	15 364 358	14 831 558	14 215 804
Cinsaut	486 165	240 004	139 358	86 169	52 977
Merlot	13 313 302	13 621 552	13 844 417	13 996 571	14 091 082
Pinotage	8 449 882	8 498 678	8 478 056	8 443 991	8 401 049
Shiraz	10 695 370	9 634 319	8 217 883	6 590 636	4 840 143
Other red	5 185 404	5 457 204	5 751 457	5 995 639	6 164 653
Total	54 368 303	53 274 914	51 795 529	49 944 564	47 765 708

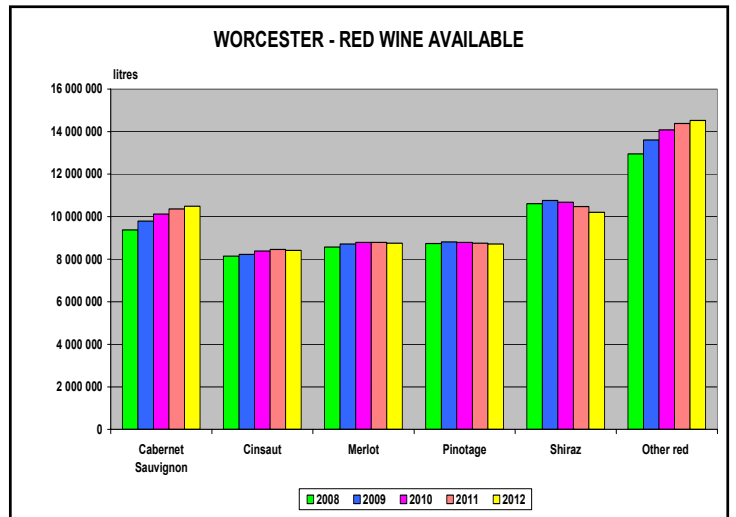
Table 10 Worcester – red wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Cabernet Sauvignon	9 382 443	9 793 131	10 125 995	10 360 425	10 496 771
Cinsaut	8 147 777	8 231 648	8 381 712	8 457 369	8 412 167
Merlot	8 574 048	8 721 245	8 783 986	8 791 075	8 753 192
Pinotage	8 741 289	8 812 106	8 790 944	8 754 899	8 715 950
Shiraz	10 616 460	10 758 108	10 675 678	10 475 159	10 211 923
Other red	12 952 158	13 609 538	14 080 985	14 384 365	14 520 565
Total	58 414 175	59 925 776	60 839 300	61 223 292	61 110 568

Graph 15



Graph 16



WHITE WINE – SUPPLY 2008 TO 2012

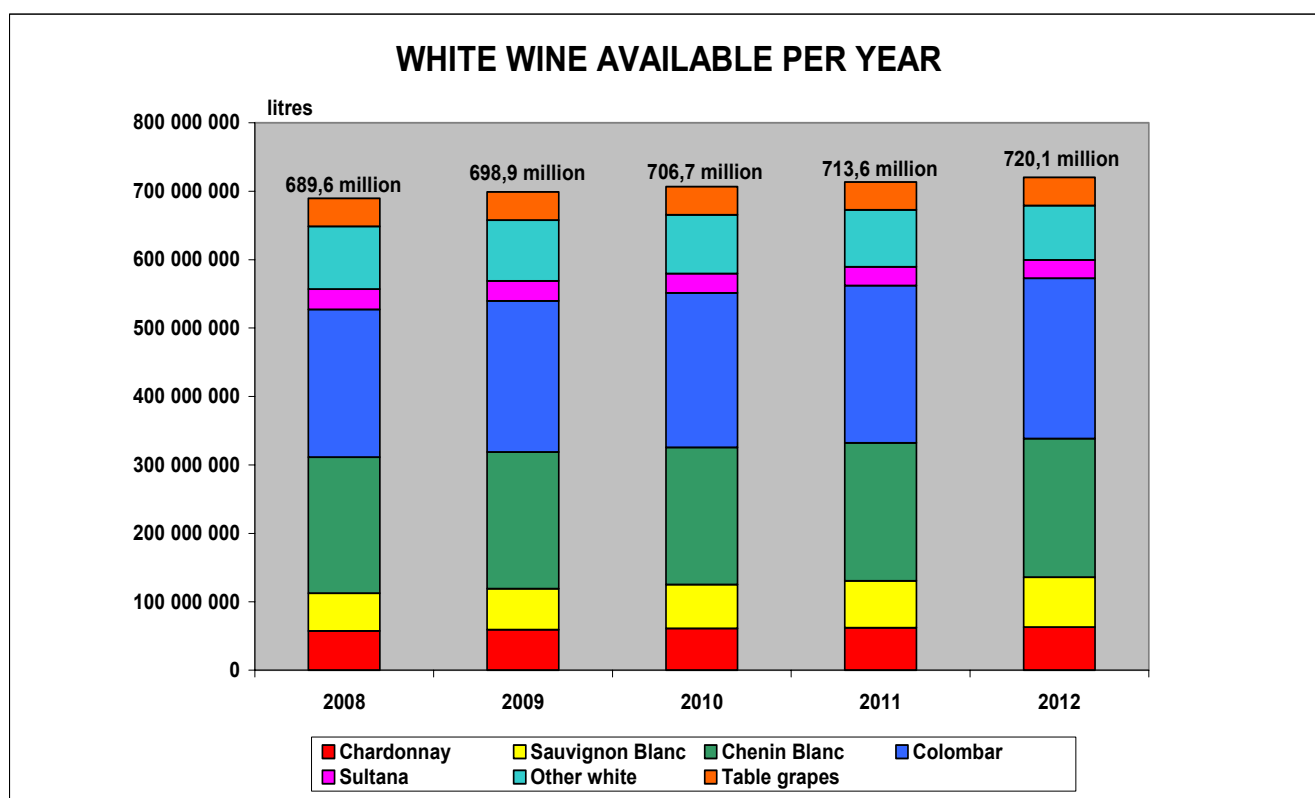
The latest estimates indicate that white wine (originating from table grapes excluded) available for marketing (does not reflect production, in order to determine marketable volumes, historic certification information from 2002 to 2006 was used) in 2008 will be an estimated 648,7 million litres, whereafter it will increase annually by an average of 1.2% to 679,2 million litres in 2012.

In annual average growth in availability from 2008 to 2012 Sauvignon Blanc, Chardonnay, Colombar and Chenin Blanc, shows positive average growth rates of 7.0%, 2.5%, 2.1% and 0.5% respectively. According to estimates Other white will decrease by 3.4%. The volumes available per variety for the industry as a whole from 2008 to 2012 are set out in Table 11 and Graph 17.

Table 11 Industry - white wine available for marketing

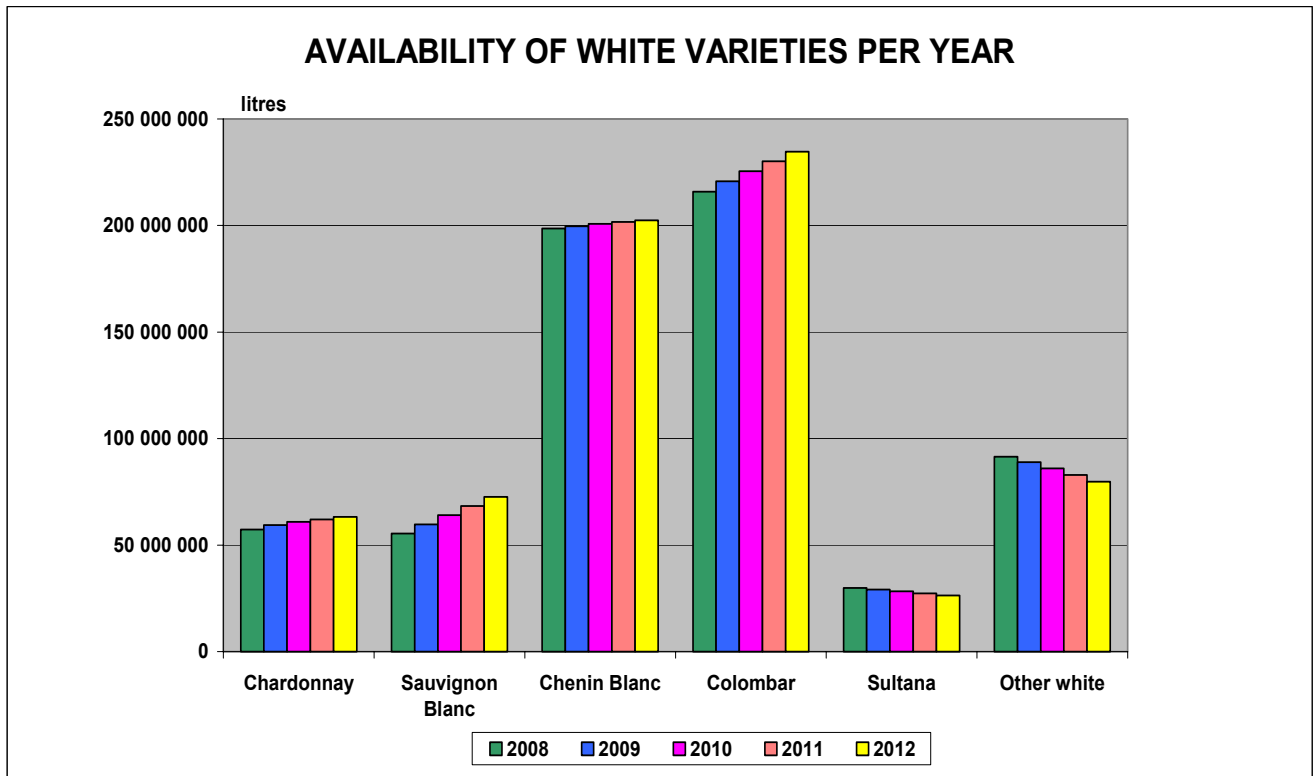
	litres				
	2008	2009	2010	2011	2012
Chardonnay	57 266 993	59 437 969	60 914 362	62 095 715	63 251 587
Sauvignon Blanc	55 475 007	59 804 355	64 110 740	68 397 718	72 674 501
Chenin Blanc	198 646 381	199 681 033	200 752 483	201 697 254	202 498 160
Colombar	215 868 355	220 762 068	225 543 898	230 138 065	234 617 961
Sultana	29 915 258	29 226 286	28 366 954	27 411 421	26 418 967
Other white	91 513 458	88 994 533	86 097 829	82 952 440	79 733 130
Total	648 685 452	657 906 244	665 786 266	672 692 613	679 194 306
Table grapes	40 947 987	40 947 987	40 947 987	40 947 987	40 947 987
Total	689 633 439	698 854 231	706 734 253	713 640 600	720 142 293

Graph 17

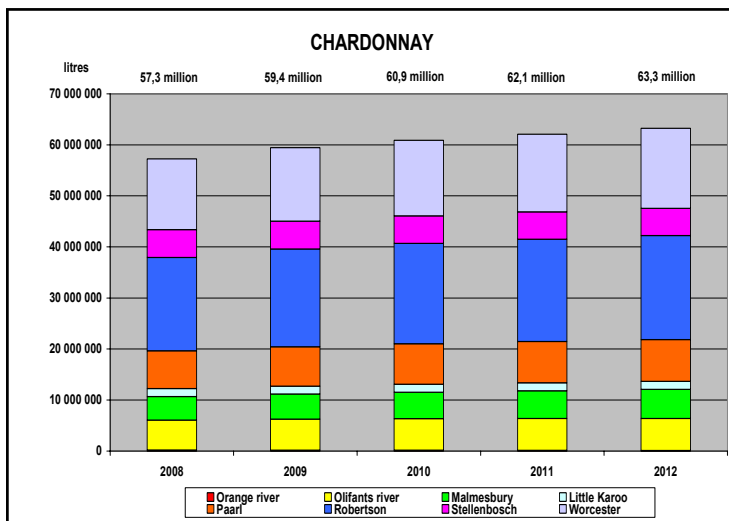


In Graph 18 the availability (per year) of the different white wine varieties are compared to each other. Colombar (Graph 22) is the variety of which the largest volume will be available from 2008 to 2012. Chenin Blanc (Graph 21) holds the second position from 2008 to 2012. Other white (Graph 24) holds the third position from 2008 to 2012. Chardonnay (Graph 19) holds the fourth position in 2008, but is overtaken by Sauvignon Blanc (Graph 20) from 2009 to 2012. Sultana (Graph 23) holds the sixth position throughout.

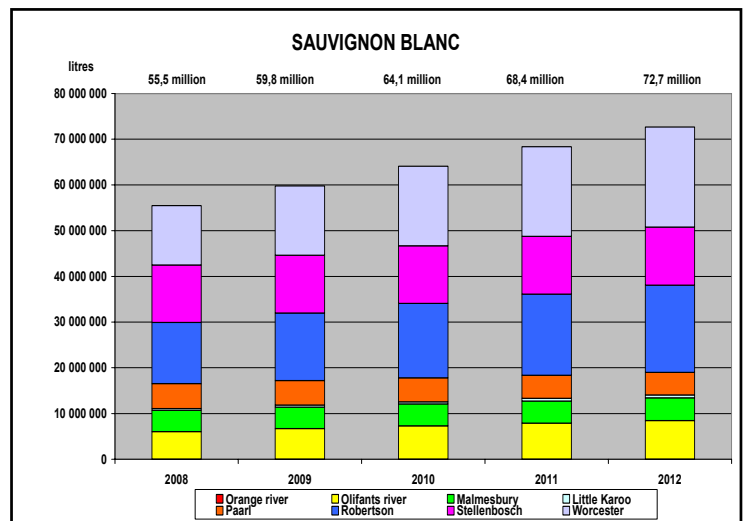
Graph 18



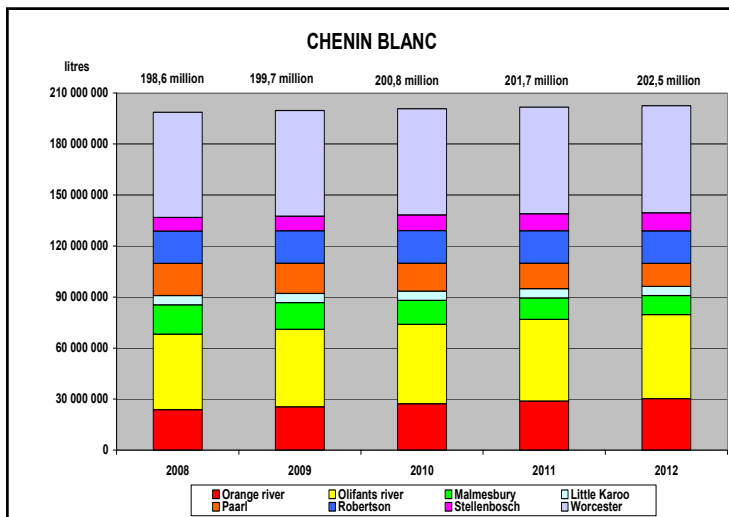
Graph 19



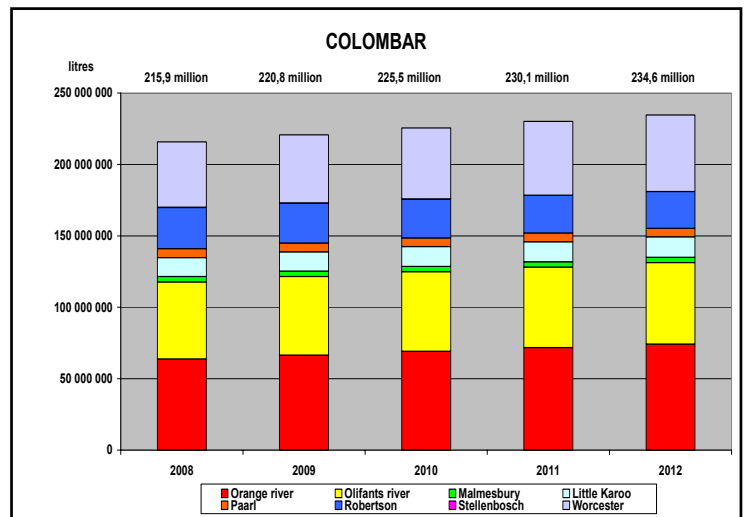
Graph 20



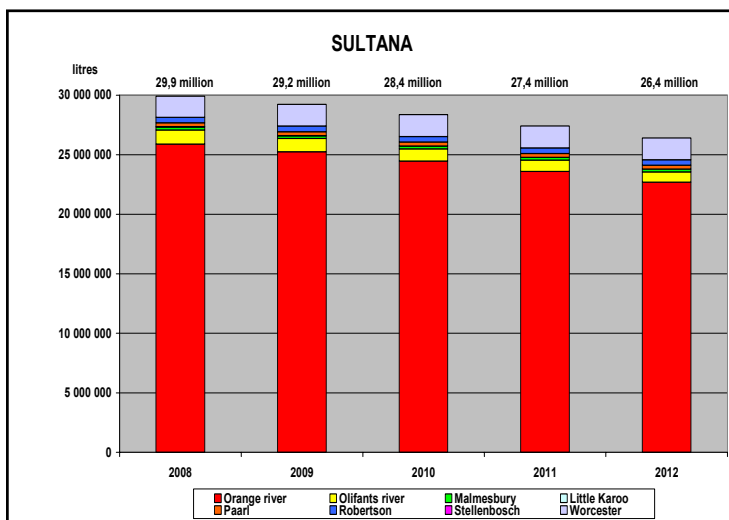
Graph 21



Graph 22



Graph 23



Graph 24

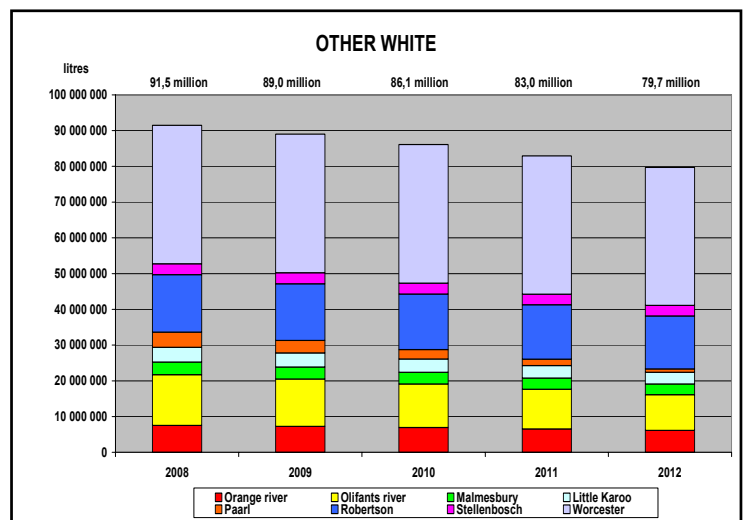


Table 12 to 19 and Graph 25 to 32 set out the availability of white wine in the different regions. Worcester will have the most white wine available throughout, from 2008 to 2012. Olifants River holds the second position in 2008 to 2010, overtaken by Orange River in 2011 to 2012. Paarl and Malmesbury are the regions to show a negative average annual growth of 6% and 4% from 2008 to 2012 respectively. Worcester (3%) followed by Orange River and Stellenbosch (2%), Olifants River and Robertson (1%) and Little Karoo (0.3%) all show a positive average annual growth for this period.

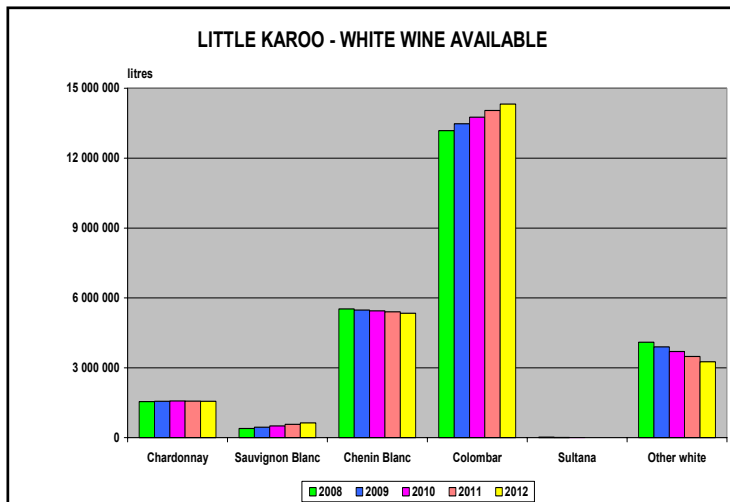
Table 12 Little Karoo – white wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Chardonnay	1 547 996	1 564 057	1 575 516	1 574 932	1 559 029
Sauvignon Blanc	393 542	445 656	505 482	569 438	634 241
Chenin Blanc	5 524 905	5 474 268	5 441 979	5 399 307	5 335 493
Colombar	13 177 650	13 468 676	13 756 372	14 040 315	14 317 198
Sultana	25 385	10 289	4 170	1 690	684
Other white	4 092 831	3 896 648	3 696 223	3 483 091	3 254 604
Total	24 762 309	24 859 594	24 979 742	25 068 773	25 101 249

Table 13 Malmesbury – white wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Chardonnay	4 622 024	4 913 036	5 180 332	5 444 050	5 714 649
Sauvignon Blanc	4 637 946	4 703 644	4 770 795	4 856 544	4 953 967
Chenin Blanc	17 092 749	15 645 916	14 127 082	12 641 995	11 199 137
Colombar	3 794 860	3 792 241	3 778 372	3 762 349	3 745 755
Sultana	240 709	239 055	236 796	234 058	231 017
Other white	3 518 396	3 409 296	3 281 900	3 148 923	3 012 130
Total	33 906 684	32 703 188	31 375 277	30 087 919	28 856 655

Graph 25



Graph 26

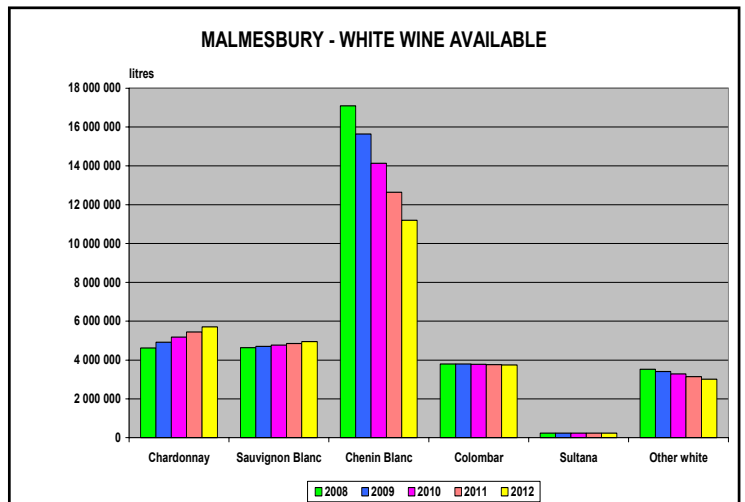


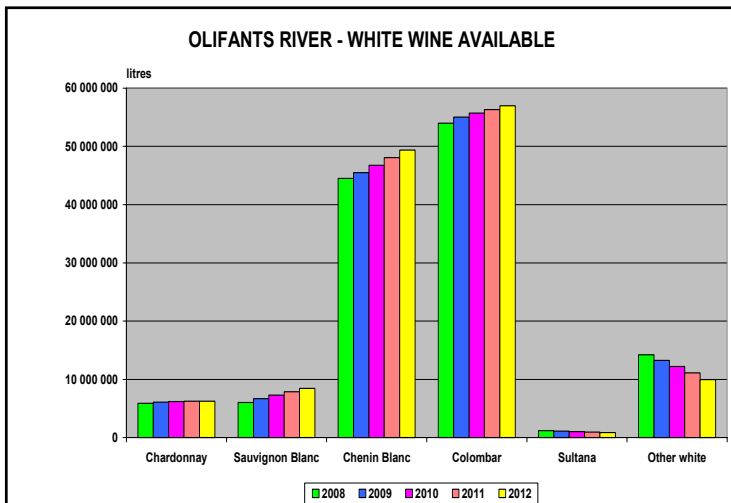
Table 14 Olifants River – white wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Chardonnay	5 892 016	6 078 477	6 184 477	6 243 347	6 273 686
Sauvignon Blanc	6 045 568	6 679 737	7 287 741	7 873 586	8 447 363
Chenin Blanc	44 480 026	45 479 512	46 745 197	48 067 083	49 368 651
Colombar	53 968 874	54 996 979	55 707 778	56 329 936	56 963 715
Sultana	1 182 497	1 106 287	1 029 395	952 139	874 686
Other white	14 216 231	13 252 041	12 208 981	11 104 374	9 961 706
Total	125 785 212	127 593 033	129 163 569	130 570 465	131 889 807

Table 15 Orange River – white wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Chardonnay	191 198	184 571	171 494	146 271	111 228
Sauvignon Blanc	28 345	28 144	28 057	28 093	28 240
Chenin Blanc	23 819 172	25 571 344	27 255 221	28 828 119	30 316 627
Colombar	63 818 761	66 556 692	69 235 784	71 797 105	74 263 891
Sultana	25 907 754	25 254 397	24 466 553	23 596 643	22 691 289
Other white	7 519 642	7 243 325	6 910 103	6 541 053	6 153 913
Total	121 284 872	124 838 473	128 067 212	130 937 284	133 565 188

Graph 27



Graph 28

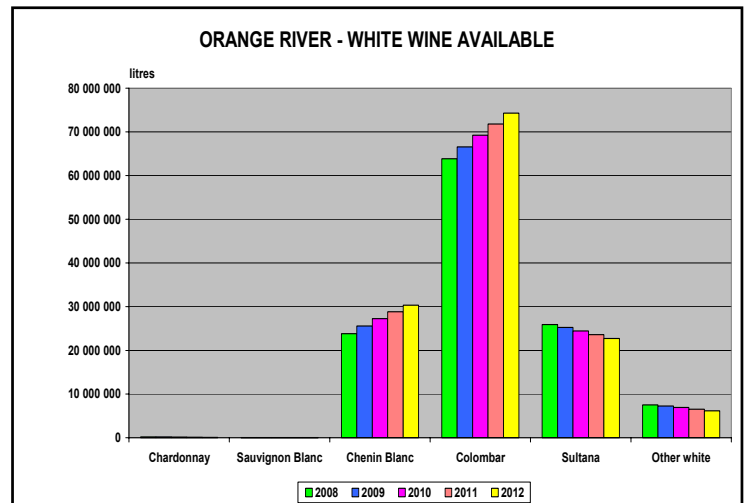


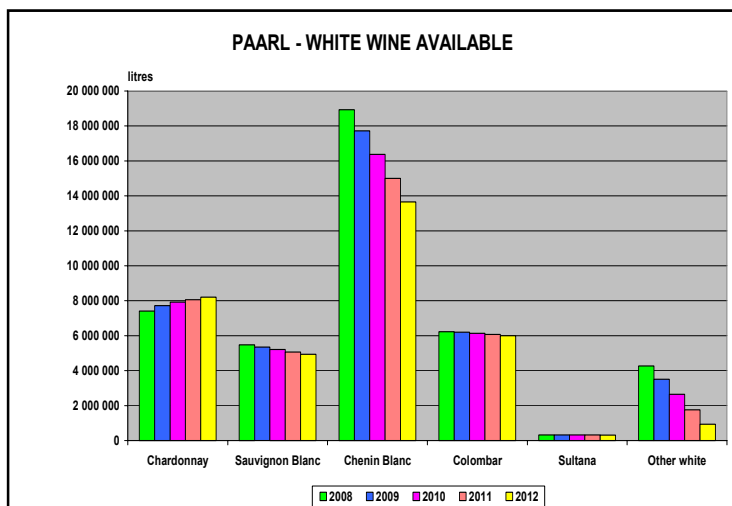
Table 16 Paarl – white wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Chardonnay	7 405 394	7 723 139	7 918 234	8 061 614	8 201 251
Sauvignon Blanc	5 478 093	5 353 204	5 213 489	5 073 828	4 938 622
Chenin Blanc	18 920 567	17 722 742	16 371 351	15 002 128	13 656 107
Colombar	6 231 058	6 193 657	6 139 365	6 072 120	5 997 158
Sultana	322 352	322 685	321 720	320 105	318 190
Other white	4 269 756	3 510 895	2 655 291	1 764 297	933 963
Total	42 627 220	40 826 322	38 619 450	36 294 092	34 045 291

Table 17 Robertson – white wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Chardonnay	18 305 045	19 154 011	19 689 335	20 060 301	20 377 196
Sauvignon Blanc	13 339 200	14 811 847	16 285 510	17 712 759	19 109 415
Chenin Blanc	19 028 033	19 103 833	19 138 625	19 119 683	19 066 786
Colombar	28 925 501	27 990 582	27 195 425	26 463 454	25 757 784
Sultana	471 550	472 415	472 793	472 945	473 005
Other white	16 085 913	15 847 600	15 554 473	15 215 874	14 851 742
Total	96 155 242	97 380 288	98 336 161	99 045 016	99 635 928

Graph 29



Graph 30

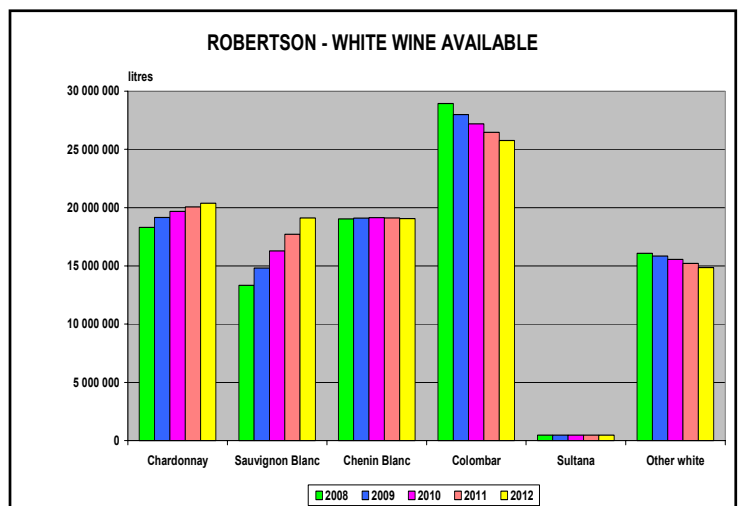


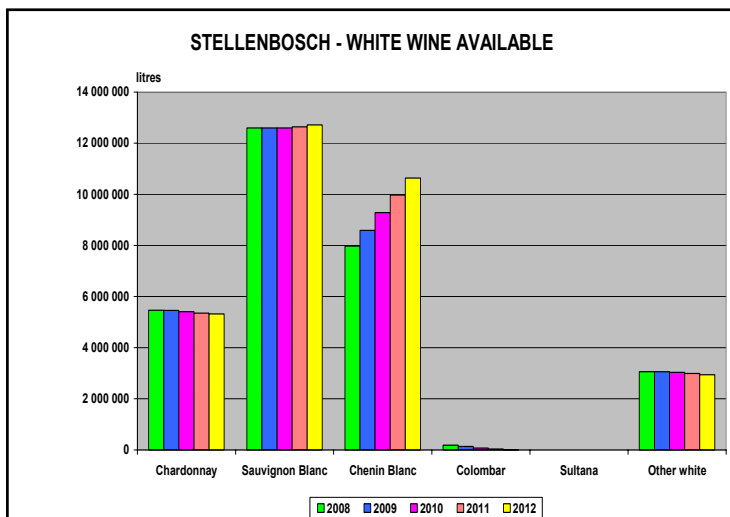
Table 18 Stellenbosch – white wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Chardonnay	5 462 757	5 455 854	5 403 345	5 354 366	5 319 985
Sauvignon Blanc	12 593 889	12 597 082	12 598 106	12 642 786	12 716 733
Chenin Blanc	7 971 569	8 589 848	9 284 701	9 977 264	10 637 579
Colombar	188 026	132 365	76 075	32 305	12 793
Sultana	19	8	4	2	2
Other white	3 064 896	3 059 849	3 031 896	2 991 357	2 940 669
Total	29 281 156	29 835 006	30 394 127	30 998 080	31 627 761

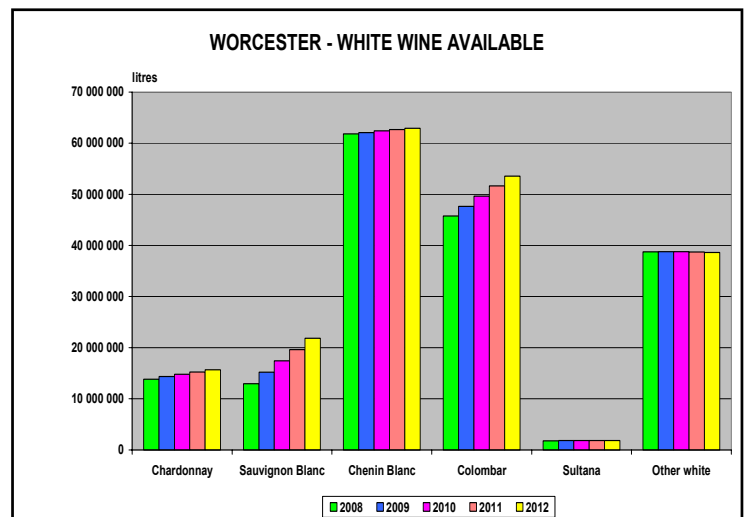
Table 19 Worcester – white wine available for marketing

	litres				
	2008	2009	2010	2011	2012
Chardonnay	13 840 539	14 364 823	14 791 627	15 210 834	15 694 564
Sauvignon Blanc	12 958 424	15 185 041	17 421 561	19 640 684	21 845 923
Chenin Blanc	61 809 357	62 093 569	62 388 331	62 661 671	62 917 781
Colombar	45 763 621	47 630 883	49 654 716	51 640 485	53 559 660
Sultana	1 764 991	1 821 149	1 835 525	1 833 838	1 830 094
Other white	38 745 794	38 774 878	38 758 961	38 703 471	38 624 405
Total	174 882 726	179 870 343	184 850 721	189 690 983	194 472 427

Graph 31



Graph 32



DEMAND – 2008 TO 2012

1 MARKET ESTIMATES – WINE FOR BRANDY, DISTILLING WINE AND GRAPE JUICE CONCENTRATE & GRAPE JUICE
(does not reflect production)

	2002		2003		2004		2005	
	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend
Distilling wine *	152 122	106.0	140 353	104.5	114 560	103.4	164 600	102.2
Wine for brandy	55 278	106.0	28 455	102.5	9 491	102.5	31 626	102.5
Grape juice concentrate and grape juice	132 014	106.0	156 394	102.5	119 733	102.5	134 399	102.5
TOTAL	339 413	106.0	325 203	102.5	243 784	102.5	330 625	102.2

* Including imports (1997, 1998, 2002, 2003 and 2004) and voluntary pool sold (annually since 2002).
Voluntary pool deliveries by industry excluded.

	2006		2007		2008		2009		2010		2011		2012	
	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend
Distilling wine *	191 000	106.0	198 900	104.5	199 897	103.4	207 527	100.0	215 317	101.9	224 143	102.4	233 379	102.6
Wine for brandy *	95 290	106.0	114 700	102.5	107 809	102.5	108 841	103.5	112 077	103.4	116 526	103.3	121 186	103.2
Grape juice concentrate and grape juice	77 664	106.0	72 009	102.5	72 009	102.5	72 009	100.5	72 009	103.4	72 009	9 500	72 009	9 600
TOTAL	363 954	106.0	385 609	102.5	379 714	102.5	388 377	100.5	399 403	102.2	412 678	102.1	426 573	102.1

* Including imports (distilling wine - 2005 to 2007, wine for brandy - 2006)

2 DOMESTIC MARKET – WINE AND BRANDY

'000 litres

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Forecast	Trend	Forecast	Trend	Forecast	Trend	Forecast	Trend	Forecast	Trend
Brandy	41,000	101.0	42,000	102.4	44,500	106.0	46,500	104.5	48,100	103.4	48,100	100.0	49,000	101.9	50,200	102.4	51,500	102.6	52,800	102.5	54,000	102.3
Sparkling Wine	7,450	118.3	7,900	106.0	8,100	102.5	8,300	102.5	8,600	103.6	8,900	103.5	9,200	103.4	9,500	103.3	9,600	103.2	10,100	103.1	10,400	103.0
HP Wine	34,900	112.6	37,000	106.0	41,000	110.3	43,000	104.9	45,000	104.7	46,000	102.2	47,000	102.2	48,000	102.1	50,000	104.2	50,000	100.0	51,000	102.0
HP Red	11,240	117.1	12,200	108.5	13,600	111.5	14,300	105.1	15,000	104.9	15,400	102.7	15,800	102.6	16,200	102.5	16,900	104.3	16,900	100.0	17,300	102.4
HP White	23,660	110.6	24,800	104.8	27,400	110.5	28,700	104.7	30,000	104.5	30,600	102.0	31,200	102.0	31,800	101.9	33,100	104.1	33,100	100.0	33,700	101.8
MP Wine	91,600	105.9	92,000	89.5	80,000	97.6	79,000	98.8	79,000	100.0	79,200	100.3	79,600	100.5	80,500	101.1	81,500	101.2	82,500	101.2	83,500	101.2
MP Red	12,800	105.8	14,000	109.4	15,300	109.3	16,000	104.6	16,300	101.9	16,500	101.2	16,800	101.8	17,200	102.4	17,500	101.7	17,800	101.7	18,100	101.7
MP White	78,800	105.9	68,000	86.3	64,700	95.1	63,000	97.4	62,700	99.5	62,700	100.0	62,800	100.2	63,300	100.8	64,000	101.1	64,700	101.1	65,400	101.1
SP Wine	211,700	96.3	178,300	84.2	178,000	99.8	172,000	98.6	172,000	100.0	173,800	101.0	176,000	101.3	179,000	101.7	182,500	102.0	185,500	101.6	188,000	101.3
Total Natural Wine	335,200	100.2	297,300	87.9	289,000	100.6	284,000	98.3	286,000	100.7	289,000	101.0	302,600	101.2	307,500	101.6	314,000	102.1	318,000	101.3	322,500	101.4
Fortified Wine	28,700	106.8	30,000	101.0	31,000	103.3	32,000	103.2	33,500	104.7	35,000	104.5	36,000	102.9	37,000	102.8	38,000	102.7	39,000	102.6	40,000	102.6

* HP - High price

MP - Medium price

SP - Standard price

3 EXPORT MARKET – WINE

'000 litres

	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		2012		
	Actual	2002/2001	Actual	2003/2002	Actual	2004/2003	Actual	2005/2004	Actual	2006/2005	Forecast	2007/2006	Forecast	2008/2007	Forecast	2009/2008	Forecast	2010/2009	Forecast	2011/2010	Forecast	2012/2011	
Bottled																							
Red Wine	75,130	133.4	86,578	115.2	99,553	113.8	96,599	98.0	93,557	96.9	101,000	108.0	111,000	109.9	121,000	109.0	131,000	108.3	141,000	107.6	151,000	107.1	107.1
White Wine	71,233	126.0	77,130	108.3	85,799	111.2	85,101	99.2	75,630	88.9	77,000	101.8	79,000	102.6	81,000	102.5	83,000	102.5	85,000	102.4	87,000	102.4	102.4
Blanc de Noir & Rosé	3,526	198.0	5,152	146.1	7,423	144.1	7,671	103.3	7,075	92.2	8,100	114.5	9,000	111.1	9,700	107.8	10,400	107.2	11,000	105.8	11,500	104.5	104.5
Total Natural	149,889	130.8	168,860	112.7	191,775	113.6	189,371	98.7	176,262	93.1	186,100	105.6	199,000	106.9	211,700	106.4	224,400	106.0	237,000	105.6	249,500	105.3	105.3
Fortified Wine	427	89.9	480	112.4	342	71.3	326	95.3	443	135.9	450	101.6	450	100.0	450	100.0	450	100.0	450	100.0	450	100.0	100.0
Sparkling Wine	1,401	179.8	1,630	116.3	1,553	95.3	1,538	99.0	2,018	131.2	3,000	148.7	3,400	113.3	3,750	110.3	4,100	109.3	4,400	107.3	4,700	106.8	106.8
Total Bottled	151,717		170,970		193,670		191,235		178,723		189,550		202,850		215,900		228,950		241,850		254,650		
Bulk																							
Red Wine	23,403	118.6	24,140	103.1	28,887	119.7	40,102	138.8	43,407	108.2	54,000	124.4	65,000	120.4	75,000	115.4	85,000	113.3	95,000	111.8	105,000	110.5	110.5
White Wine	41,218	101.7	41,933	101.7	41,304	98.5	44,073	106.7	40,232	91.3	41,000	101.9	41,500	101.2	42,000	101.2	42,500	101.2	43,000	101.2	43,500	101.2	101.2
Blanc de Noir & Rosé	1,248	101.7	2,280	182.7	3,801	166.7	5,591	147.1	9,266	165.7	9,600	103.6	9,900	103.1	10,200	103.0	10,500	102.9	10,750	102.4	11,000	102.3	102.3
Total Natural	65,869	107.1	68,353	103.8	73,992	108.2	89,766	121.3	92,905	103.5	104,600	112.6	116,400	111.3	127,200	109.3	138,000	108.5	148,750	107.8	159,500	107.2	107.2
Fortified Wine	97	132.9	51	52.6	71	139.2	81	114.1	33	40.7	40	121.2	40	100.0	40	100.0	40	100.0	40	100.0	40	100.0	100.0
Total Bulk	65,966		68,404		74,063		89,847		92,938		104,640		116,440		127,240		138,040		148,790		159,540		
TOTAL EXPORTS	217,683		239,374	110.0	267,733	111.8	281,082	105.0	271,661	96.6	294,190	108.3	319,290	108.5	343,140	107.5	366,990	107.0	390,640	106.4	414,190	106.0	106.0

Assumptions:

Exchange rate depreciates with an average of 5% per year from 2008 to 2012.

SUPPLY AND DEMAND IN PERSPECTIVE

TO BE READ TOGETHER WITH ASSUMPTIONS ON PAGE 3

Table 20 and Graph 33 set out the scenario with regards to the supply and demand situation of red wine from 2008 to 2012. The total demand for red wine (domestic and export) will amount to an estimated 222,8 million litres in 2008, whereafter it will increase annually with an average 8.5% to 308,3 million litres in 2012. When taking the stock situation into account, the market requirement in terms of the demand for red wine is expected to be met from 2008 to 2012. The stock situation is estimated to increase from 231,4 million litres on 31 December 2007 to 320,2 million litres in 2010, thereafter it will start to decrease to reach 257,7 million litres in 2012.

Table 20 and Graph 34 set out the situation with regard to the supply and demand of white wine from 2008 to 2012. The demand for natural white wine (domestic and export) will amount to an estimated 395,2 million litres in 2008, whereafter it will increase annually with an average 1.7% to 423,2 million litres in 2012. The demand for wine for brandy, distilling wine and grape juice concentrate and grape juice will amount to an estimated 357,9 million gross litres in 2008, whereafter it will increase annually with an average 3.0% to 403,2 million gross litres in 2012. If the demand for both natural wine and the previous mentioned products is taken into account, it shows that the demand for 2008, 2009 and 2010 will be met, but with a drastic decrease in the stock level to 13 million litres, which is not sufficient to meet market requirements until such time as the new harvest becomes marketable. From 2011 to 2012 the demand will not be fulfilled.

If sales pertaining to the previous year should be taken into account, the industry will carry 7 months worth of white wine stock in December 2007, which is estimated to decrease to 5 months in December 2008. With regards to red wine, the industry will carry 14 months worth of stock, which will increase to 15 months in 2008 and 2009 and then decrease to 10 months in 2012. If assumed that, in 2008, 10% of the wine for brandy and distilling wine need will be derived from red wine grapes, the stock level will remain constant at 14 months.

Table 20 Supply and Demand

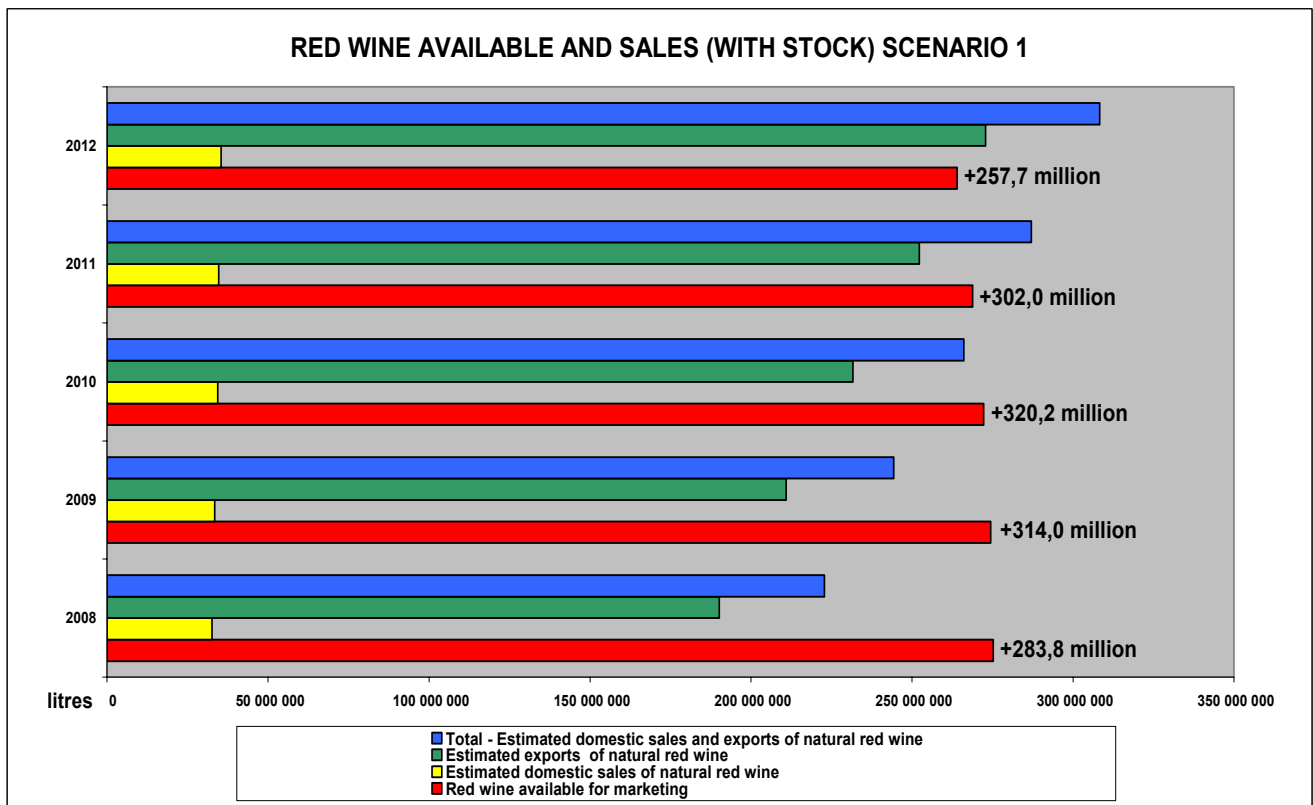
	2007	2008	2009	2010	2011	2012
litres						
Red wine available for marketing		275 216 091	274 469 362	272 273 365	268 814 803	263 999 338
Estimated domestic sales of natural red wine		32 600 000	33 400 000	34 400 000	34 700 000	35 400 000
Estimated exports of natural red wine		190 175 000	210 925 000	231 675 000	252 312 500	272 875 000
Total - Estimated domestic sales and exports of natural red wine		222 775 000	244 325 000	266 075 000	287 012 500	308 275 000
Red wine stock as on 31 December	231 391 000					
# Scenario 1		283 832 091	313 976 453	320 174 818	301 977 121	257 701 458
# Scenario 2		254 382 351	254 223 263	229 061 308	178 224 111	99 976 448
		2008	2009	2010	2011	2012
White wine available for marketing		689 633 439	698 854 231	706 734 253	713 640 599	720 142 293
Estimated domestic sales of natural white wine		270 000 000	274 100 000	279 600 000	283 300 000	287 100 000
Estimated exports of natural white wine		125 225 000	127 975 000	130 725 000	133 437 500	136 125 000
Total - Estimated domestic sales and exports of natural white wine		395 225 000	402 075 000	410 325 000	416 737 500	423 225 000
Distilling wine market demand		199 943 000	207 575 000	215 367 000	224 195 000	233 433 000
Wine for brandy market demand		94 554 400	95 459 500	98 236 200	102 200 000	106 287 000
Grape juice concentrate and grape juice market demand		63 430 600	63 430 600	63 430 600	63 430 600	63 430 600
Total - Distilling products		357 928 000	366 465 100	377 033 800	389 825 600	403 150 600
Total - Domestic sales of natural white wine and distilling products		753 153 000	768 540 100	787 358 800	806 563 100	826 375 600
White wine stock as on 31 December	226 809 000					
# Scenario 1		163 289 439	93 603 570	12 979 023	-79 943 477	-186 176 784
# Scenario 2		192 739 179	153 356 760	104 092 533	43 809 533	-28 451 774

PLEASE NOTE:

Scenario 1: Distilling wine, wine for brandy and grape juice concentrate and grape juice products all come from white varieties

Scenario 2: 10% of distilling wine and wine for brandy come from red varieties

Graph 33



Graph 34

