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S A WINE INDUSTRY INFORMATION & SYSTEMS

PRODUCTION AND MARKET ESTIMATES 2006 - 2010

ENQUIRIES

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PRODUCTION AND MARKET FORECASTS
HIGHLIGHTS - 2006 TO 2010

- From 2006 to 2010 plantings of white varieties will constitute an average of between 61,1% and 62,2% of total plantings, while red varieties will constitute between 38,9% and 37,8%. This is thus a continuation of the trend that has been observed the past three years, where white plantings represented a larger part of total plantings.
- Uprootings of white varieties from 2006 to 2010 is on average 4 149 hectares per annum, while red varieties will be uprooted at an average of 1 367 hectares per annum.
- Red wine available for marketing will amount to approximately 245,9 million litres in 2006, whereafter the annual increase will be 2,9% on average until reaching 275,6 million litres in 2010. Pinotage is the only red variety to show a negative average growth.
- White wine (table grapes excluded) available for marketing will amount to approximately 669,0 million litres in 2006, whereafter the average annual increase will be 3,5% until reaching 767,3 million litres in 2010.
- The domestic demand for natural wine is expected to increase each year by 1.0% from 2006 until 2010.
- The total export market (wine) is expected to increase by 11,4% in 2006 and a further 10% in 2007, whereafter the growth rate will decrease slightly to just under 10%.
- The demand for rebate, distilling wine and non-alcoholic is expected to amount to 377,5 million gross litres in 2006 and increase to 415,8 million gross litres in 2010.
- Taking the stock situation into account, the market requirement in terms of the demand for red wine is expected to be met from 2006 to 2010.
- Taking the stock situation into account, it is estimated that the demand for white natural wine, rebate, distilling wine and non-alcoholic forecasts for the period 2006 will be met, but with a drastic decrease in the stock level of white wine of 75 million litres to a level of just 65 million litres, which is not sufficient to meet market requirements until such time as the new harvest becomes marketable. From 2007 to 2010 the demand will not be fulfilled.

BACKGROUND TO PRODUCTION FORECASTS – 2006 TO 2010

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 varietals. 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 2004.
- Hectares planted and uprooted per region and per varietal for the period 2005 to 2010 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 2004. During this period table grapes constituted an average of 4.2% of the total crop.
- Grapes intended for port and muscadel were taken into account; this represents an average of 4.2% and 1.1% respectively for red and white grapes for the period 1990 to 2004.
- A five year industry average recovery per ton (wine and distilling products) of 694 and 791 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.
- In order to determine marketable volumes, historic certification information (1997 to 2004) was used.
- Plantings for the period 2005 to 2010 (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.
- 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 rebate, distilling wine and the non-alcoholic component from 2006 to 2010 were converted to gross litres by taking into account the average strength for the period 1990 to 2004.
- Rebate, distilling wine and non-alcoholic component is considered to originate fully from white wine grapes. The trend that is observed where red wine grapes are also used for this purpose will be monitored and taken into account as soon as it reaches noticeable proportions.
- 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 – 2005 TO 2010

1 TOTAL INDUSTRY

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2001	817	17.9	5 107	3 735	82.1	910	4 552	6 017
2002	1 487	35.2	4 092	2 743	64.8	843	4 230	4 935
2003	2 348	48.9	2 877	2 454	51.1	1 043	4 802	3 920
2004	2 648	59.9	3 537	1 772	40.1	1 192	4 421	4 729
2005	2 821	60.5	3 695	1 839	39.5	1 239	4 660	4 933
2006	2 988	61.1	3 850	1 902	38.9	1 284	4 890	5 134
2007	3 149	61.5	3 999	1 970	38.5	1 326	5 119	5 325
2008	3 308	61.8	4 149	2 043	38.2	1 368	5 351	5 516
2009	3 468	62.0	4 300	2 124	38.0	1 409	5 591	5 709
2010	3 631	62.2	4 449	2 209	37.8	1 450	5 840	5 899

* 2001 to 2004 actual, 2005 to 2010 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
2001	145	80.6	481	35	19.4	4	180	485
2002	97	98.0	820	2	2.0	28	99	848
2003	188	94.5	337	11	5.5	9	199	346
2004	166	91.4	1 168	16	8.6	23	182	1 191
2005	177	91.6	1 220	16	8.4	24	193	1 244
2006	187	91.8	1 271	17	8.2	25	204	1 296
2007	198	91.9	1 321	17	8.1	26	215	1 346
2008	207	92.0	1 370	18	8.0	26	225	1 396
2009	217	92.1	1 420	19	7.9	27	236	1 447
2010	228	92.1	1 469	19	7.9	28	247	1 497

* 2001 to 2004 actual, 2005 to 2010 estimate

2.2 OLIFANTS RIVER

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2001	73	18.8	537	316	81.2	86	389	623
2002	211	63.7	290	120	36.3	33	331	323
2003	190	57.2	245	142	42.8	30	332	275
2004	324	77.3	310	95	22.7	45	419	355
2005	345	77.8	324	99	22.2	46	443	370
2006	365	78.2	338	102	21.8	48	467	386
2007	385	78.5	351	106	21.5	50	490	400
2008	404	78.7	364	110	21.3	51	514	415
2009	424	78.8	377	114	21.2	53	537	430
2010	443	78.9	390	118	21.1	54	562	445

* 2001 to 2004 actual, 2005 to 2010 estimate

2.3 MALMESBURY

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2001	92	12.8	699	624	87.2	139	716	838
2002	112	18.2	430	502	81.8	99	614	529
2003	371	43.9	414	474	56.1	134	845	548
2004	239	38.4	409	384	61.6	182	623	591
2005	255	39.0	427	398	61.0	189	653	616
2006	270	39.6	445	412	60.4	196	682	641
2007	284	40.0	463	427	60.0	202	711	665
2008	299	40.3	480	443	59.7	208	742	688
2009	313	40.5	497	460	59.5	215	773	712
2010	328	40.7	515	479	59.3	221	807	736

* 2001 to 2004 actual, 2005 to 2010 estimate

2.4 LITTLE KAROO

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2001	26	32.1	312	55	67.9	14	81	326
2002	50	48.1	168	54	51.9	15	104	183
2003	77	65.2	119	41	34.8	26	119	146
2004	84	68.0	80	39	32.0	21	123	102
2005	89	68.6	84	41	31.4	22	130	106
2006	95	69.1	87	42	30.9	23	137	110
2007	100	69.5	91	44	30.5	24	143	114
2008	105	69.7	94	45	30.3	24	150	119
2009	110	69.9	97	47	30.1	25	157	123
2010	115	70.0	101	49	30.0	26	164	127

* 2001 to 2004 actual, 2005 to 2010 estimate

2.5 ROBERTSON

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2001	110	20.1	813	438	79.9	92	548	905
2002	260	46.6	518	298	53.4	50	558	568
2003	441	69.1	336	197	30.9	33	638	369
2004	502	70.2	361	213	29.8	66	716	427
2005	535	70.7	377	221	29.3	68	757	446
2006	567	71.2	393	229	28.8	71	796	464
2007	597	71.6	408	237	28.4	73	835	482
2008	628	71.8	424	246	28.2	76	874	499
2009	658	72.0	439	256	28.0	78	914	517
2010	689	72.1	454	266	27.9	80	955	535

* 2001 to 2004 actual, 2005 to 2010 estimate

2.6 PAARL

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2001	75	7.6	996	915	92.4	216	990	1 212
2002	256	29.7	602	607	70.3	211	863	813
2003	317	33.2	482	639	66.8	257	956	738
2004	274	39.7	467	417	60.3	313	691	780
2005	292	40.3	488	433	59.7	325	725	813
2006	309	40.9	508	447	59.1	337	757	845
2007	326	41.3	528	463	58.7	348	789	876
2008	342	41.6	548	481	58.4	359	823	907
2009	359	41.8	568	500	58.2	370	858	937
2010	376	42.0	587	520	58.0	381	895	968

* 2001 to 2004 actual, 2005 to 2010 estimate

2.7 STELLENBOSCH

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2001	87	11.5	581	672	88.5	221	759	802
2002	160	17.2	676	769	82.8	315	929	991
2003	196	27.4	475	518	72.6	395	714	870
2004	293	47.7	372	321	52.3	388	614	759
2005	312	48.4	388	333	51.6	403	646	791
2006	331	49.0	404	345	51.0	418	676	822
2007	349	49.4	420	357	50.6	432	706	852
2008	366	49.7	436	370	50.3	445	737	881
2009	384	49.9	452	385	50.1	458	769	910
2010	402	50.1	467	400	49.9	472	802	939

* 2001 to 2004 actual, 2005 to 2010 estimate

2.8 WORCESTER

hectares

	White			Red			Total	
	Plantings	% of tot	Up-rootings	Plantings	% of tot	Up-rootings	Plantings	Up-rootings
2001	208	23.5	689	678	76.5	138	886	827
2002	341	46.6	586	391	53.4	93	732	679
2003	568	56.8	469	432	43.2	158	1 000	627
2004	766	72.8	370	287	27.2	155	1 053	524
2005	816	73.3	386	298	26.7	161	1 114	547
2006	865	73.8	402	308	26.2	167	1 172	569
2007	911	74.1	418	319	25.9	172	1 230	590
2008	957	74.3	434	331	25.7	178	1 288	611
2009	1 004	74.5	449	344	25.5	183	1 347	632
2010	1 051	74.6	465	357	25.4	188	1 408	653

* 2001 to 2004 actual, 2005 to 2010 estimate

TOTAL RED AND WHITE WINE PRODUCTION 1995 - 2010

White wine production in 1995 accounted for 92,5% of the total wine grape harvest, however, in 2004 it accounted for only 75,2%. Over the estimated period white wine production will increase from 73,8% in 2006 to 74,0% in 2010. Red wine production increased from 7,5% in 1995 to 24,8% in 2004. Over the estimated period it will decrease from 26,2% in 2006 to 26,0% in 2010. The 2005 harvest of 903,7 million litres, shows a decrease of 11% on 2004.

Table 1 Total wine production

litres

	1995	1996	1997	1998	1999	2000	2001	2002
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
White	781 435 250	823 789 904	798 365 180	732 828 542	816 962 558	723 760 817	612 824 555	675 896 277
% White of total	92.5%	91.6%	90.6%	89.9%	89.4%	86.4%	82.1%	81.0%
Red	63 193 213	75 542 981	82 549 979	82 746 947	97 132 932	113 448 986	133 660 679	158 259 917
% Red of total	7.5%	8.4%	9.4%	10.1%	10.6%	13.6%	17.9%	19.0%
Total	**844 628 463**	**899 332 885**	**880 915 159**	**815 575 489**	**914 095 490**	**837 209 803**	**746 485 234**	**834 156 194**
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
White	727 251 413	763 459 634	660 028 000	708 482 823	736 019 492	761 025 808	784 076 420	806 273 134
% White of total	76.1%	75.2%	73.0%	73.8%	74.0%	74.1%	74.1%	74.0%
Red	228 764 098	252 237 357	243 672 000	251 629 887	258 853 006	266 283 883	274 595 544	283 750 517
% Red of total	23.9%	24.8%	27.0%	26.2%	26.0%	25.9%	25.9%	26.0%
Total	**956 015 511**	**1 015 696 991**	**903 700 000**	**960 112 710**	**994 872 498**	**1 027 309 691**	**1 058 671 964**	**1 090 023 651**

For the period 1995 to 2004 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 29, 2005. Distilling wine, rebate and non-alcoholic is taken up as white wine production. For 2005 the same principal was applied with regards to the estimated harvest as predicted on 31/08/2005. For the period 2006 to 2010 the estimates of the model was used.

RED WINE - SUPPLY 2006 TO 2010

The latest estimates indicate that red wine available for marketing (does not reflect production, in order to determine marketable volumes, historic certification information from 1997 to 2004 was used) in 2006 will be an estimated 245,9 million litres, whereafter it will increase annually by an average of 2,9% to reach 275,6 million litres in 2010.

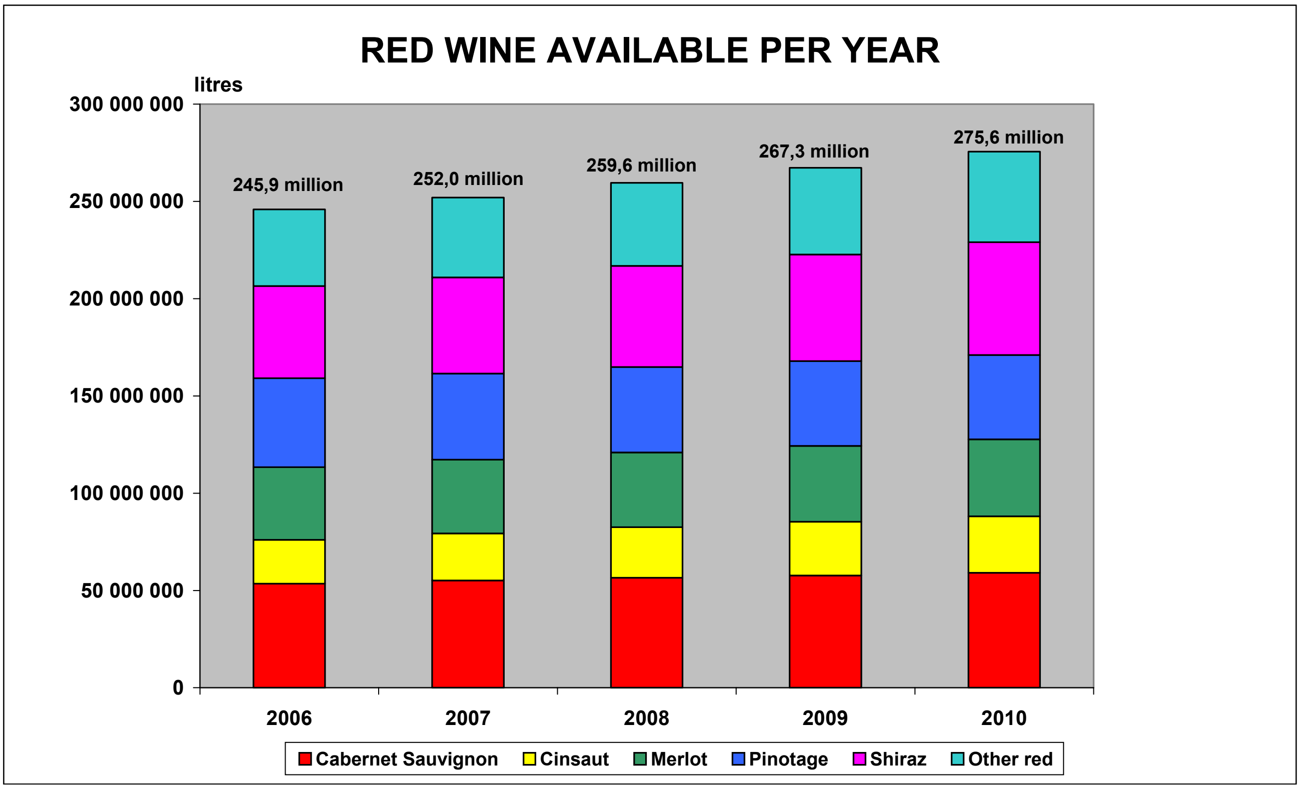
In annual average growth in availability from 2006 to 2010, Cinsaut came out as the winner (6,6%) followed by Shiraz (5,2%), Other red (4,2%), Cabernet Sauvignon (2,5%) and Merlot (1,4%). Pinotage is the only red variety to show a negative average growth of 1,3%. The volumes available per variety for the industry as a whole from 2006 to 2010 are set out in Table 2 and Graph 1.

Table 2 Industry - red wine available for marketing

litres

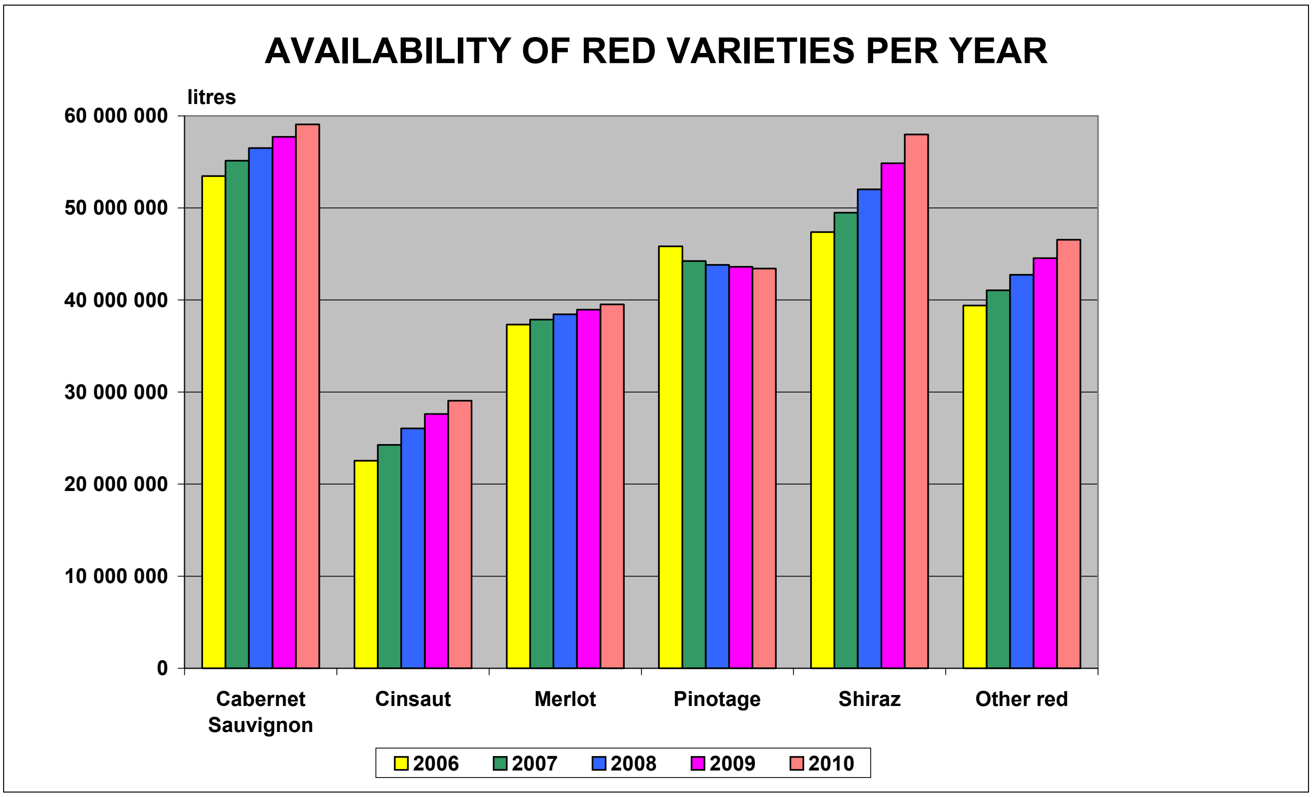
	2006	2007	2008	2009	2010
Cabernet Sauvignon	53 461 077	55 114 882	56 485 563	57 715 144	59 074 662
Cinsaut	22 534 854	24 273 962	26 046 068	27 608 921	29 062 802
Merlot	37 330 969	37 867 260	38 441 306	38 953 963	39 530 290
Pinotage	45 826 050	44 234 681	43 818 204	43 599 983	43 415 225
Shiraz	47 376 215	49 482 455	52 018 866	54 856 167	57 976 892
Other red	39 398 689	41 053 610	42 745 805	44 546 809	46 532 551
Total	**245 927 856**	**252 026 849**	**259 555 811**	**267 280 988**	**275 592 423**

Graph 1

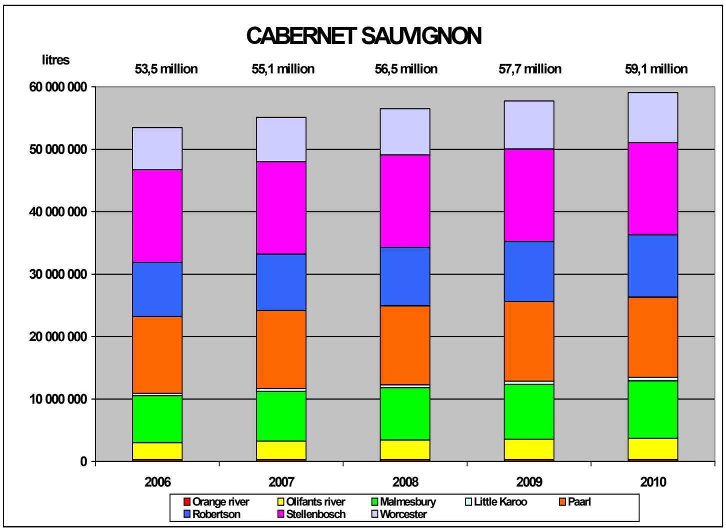


In Graph 2 the availability (per year) of the different red wine varieties are compared to each other. In Graph 3 the availability (per region and year) of Cabernet Sauvignon, the variety of which the largest volume will be available from 2006 to 2010, is set out. Pinotage (Graph 4) holds the third position from 2006 to 2008 and thereafter the fourth position in 2009 and 2010. Shiraz (Graph 5) holds the second position from 2006 to 2010, while Other red (Graph 8) shifts to third position in 2009 to 2010. Merlot (Graph 7) and Cinsaut (Graph 6) holds the fifth and sixth positions respectively throughout.

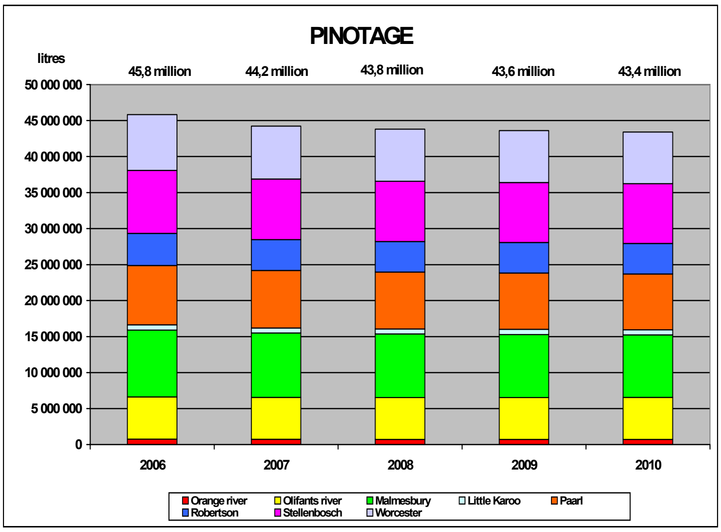
Graph 2



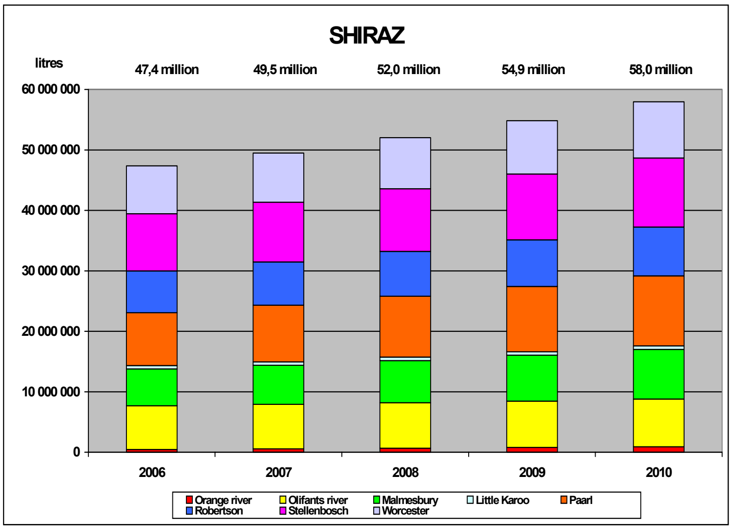
Graph 3



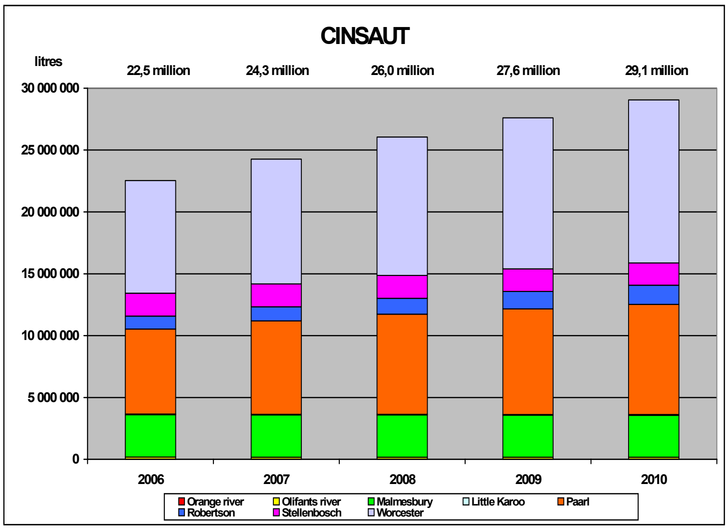
Graph 4



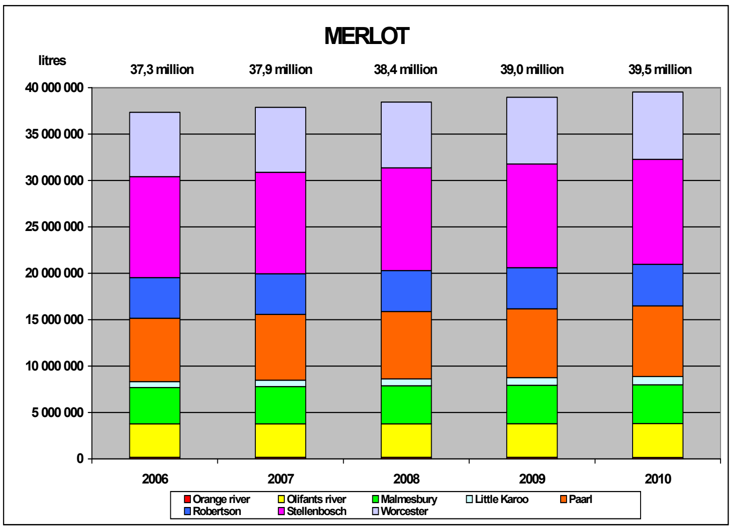
Graph 5



Graph 6



Graph 7



Graph 8

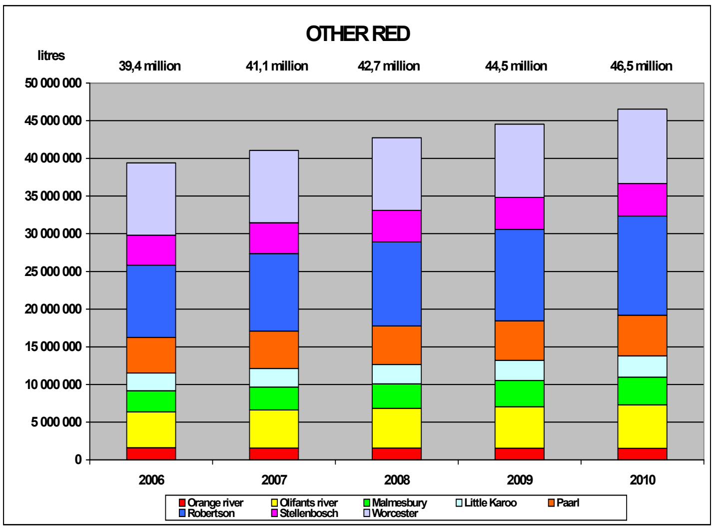


Table 3 to 10 and Graph 9 to 16 set out the availability of red wine in the various regions. Stellenbosch occupies the first position in 2006 and 2007, but will only have the third most red wine from 2008 to 2010. Paarl holds the first position in 2008 and 2009, overtaken by Worcester in 2010. Worcester (6%) and Robertson (5%) show the biggest average annual growth from 2006 to 2010 followed by Little Karoo (4%), Paarl (3%), Malmesbury and Olifants River (2%) and lastly Orange River and Stellenbosch (1%).

Table 3 Little Karoo – red wine available for marketing

litres

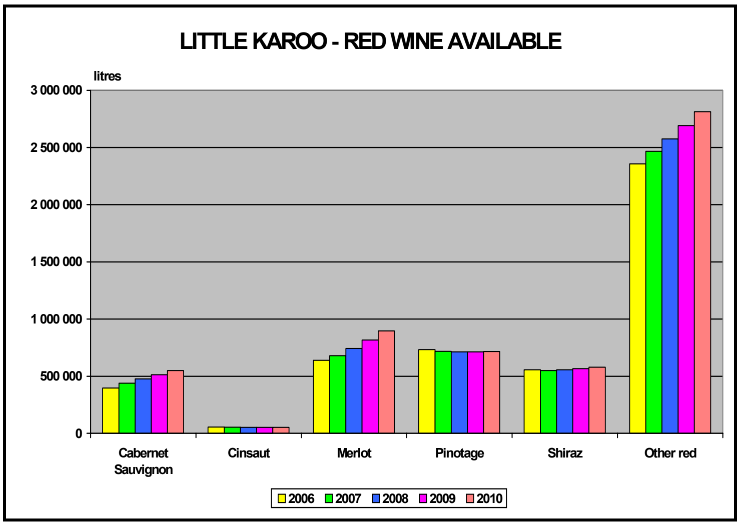
	2006	2007	2008	2009	2010
Cabernet Sauvignon	397 082	438 705	476 759	512 392	548 698
Cinsaut	55 882	52 896	52 510	52 355	52 279
Merlot	638 927	679 746	741 630	815 981	895 616
Pinotage	732 940	716 408	713 462	713 567	715 619
Shiraz	556 103	549 086	555 619	566 286	579 605
Other red	2 357 497	2 467 081	2 576 285	2 691 761	2 813 749
Total	**4 738 431**	**4 903 923**	**5 116 265**	**5 352 342**	**5 605 566**

Table 4 Malmesbury – red wine available for marketing

litres

	2006	2007	2008	2009	2010
Cabernet Sauvignon	7 518 226	7 970 990	8 374 762	8 764 188	9 186 039
Cinsaut	3 426 405	3 410 803	3 413 821	3 409 048	3 405 687
Merlot	3 918 282	4 021 024	4 095 872	4 143 168	4 189 457
Pinotage	9 276 315	8 935 946	8 827 294	8 752 415	8 684 705
Shiraz	6 077 990	6 483 777	6 999 412	7 588 140	8 225 252
Other red	2 791 659	3 034 261	3 254 655	3 465 363	3 687 381
Total	**33 008 877**	**33 856 801**	**34 965 816**	**36 122 321**	**37 378 520**

Graph 9



Graph 10

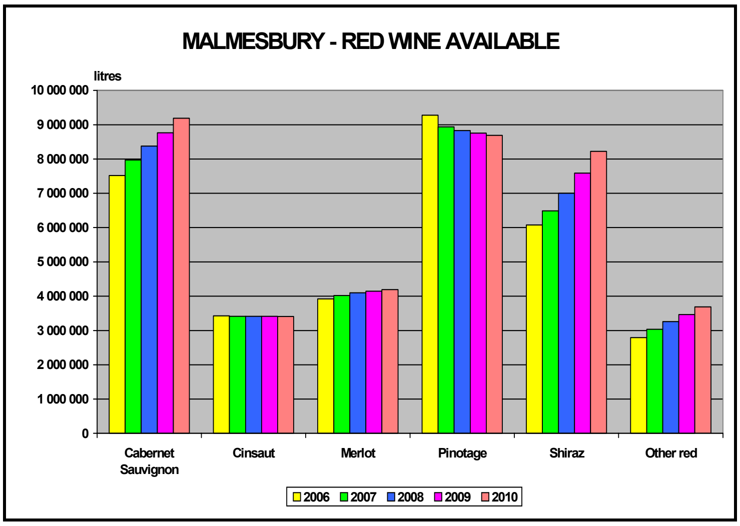


Table 5 Olifants River – red wine available for marketing

litres

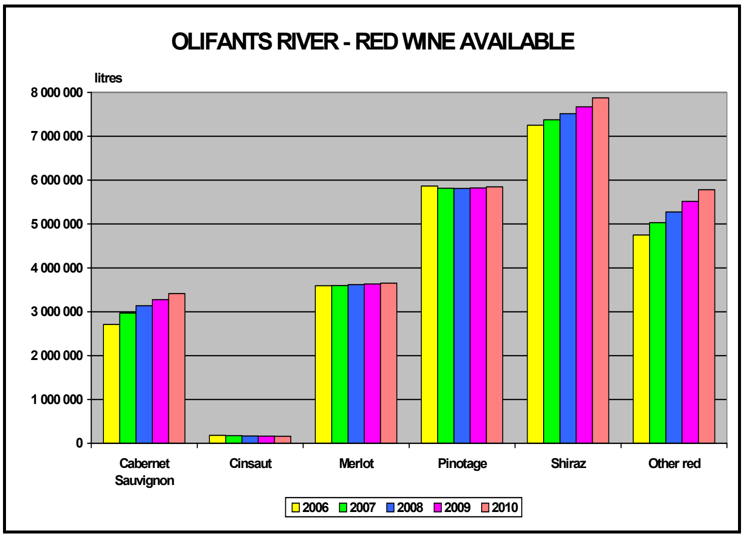
	2006	2007	2008	2009	2010
Cabernet Sauvignon	2 709 027	2 968 040	3 139 828	3 276 540	3 415 375
Cinsaut	182 992	175 258	169 873	164 884	160 544
Merlot	3 594 556	3 599 041	3 617 870	3 631 543	3 652 161
Pinotage	5 868 113	5 815 042	5 811 693	5 822 951	5 847 500
Shiraz	7 250 237	7 373 002	7 511 912	7 671 615	7 872 251
Other red	4 748 166	5 032 427	5 274 856	5 515 060	5 779 675
Total	**24 353 091**	**24 962 810**	**25 526 032**	**26 082 592**	**26 727 506**

Table 6 Orange River – red wine available for marketing

litres

	2006	2007	2008	2009	2010
Cabernet Sauvignon	301 554	296 741	300 338	306 956	314 809
Cinsaut	110	30	6		
Merlot	177 970	166 895	160 588	155 724	150 514
Pinotage	756 389	734 450	720 073	709 107	698 293
Shiraz	442 100	542 880	661 633	788 252	914 677
Other red	1 618 688	1 578 090	1 552 253	1 533 701	1 515 347
Total	**3 296 812**	**3 319 085**	**3 394 891**	**3 493 739**	**3 593 640**

Graph 11



Graph 12

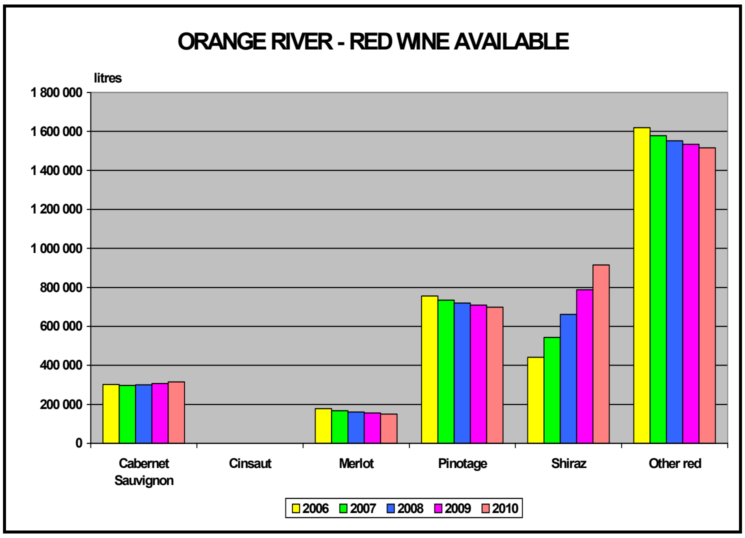


Table 7 Paarl – red wine available for marketing

litres

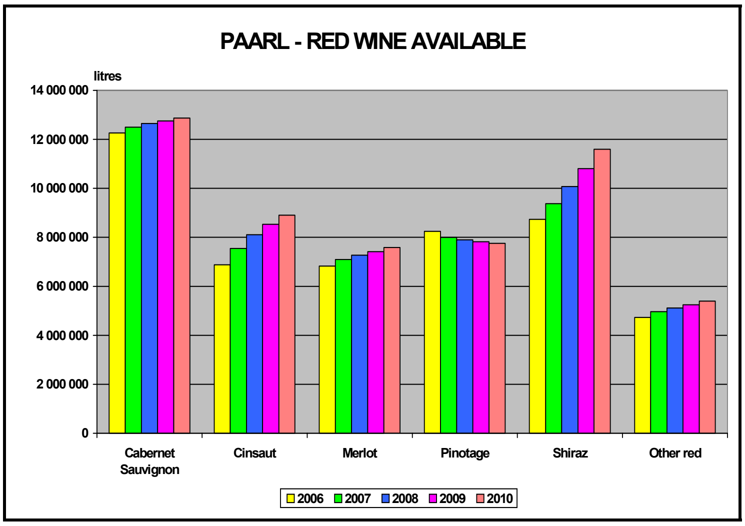
	2006	2007	2008	2009	2010
Cabernet Sauvignon	12 265 066	12 496 613	12 645 099	12 747 287	12 867 700
Cinsaut	6 876 164	7 548 745	8 106 556	8 527 862	8 908 672
Merlot	6 822 846	7 094 776	7 272 712	7 416 782	7 584 527
Pinotage	8 243 124	7 994 481	7 899 130	7 823 723	7 755 892
Shiraz	8 736 455	9 378 743	10 071 458	10 805 642	11 592 024
Other red	4 729 585	4 963 934	5 116 157	5 245 146	5 393 858
Total	**47 673 241**	**49 477 293**	**51 111 112**	**52 566 441**	**54 102 674**

Table 8 Robertson – red wine available for marketing

litres

	2006	2007	2008	2009	2010
Cabernet Sauvignon	8 700 826	9 056 442	9 347 294	9 628 489	9 940 927
Cinsaut	1 030 978	1 147 289	1 281 638	1 416 592	1 548 683
Merlot	4 382 630	4 380 221	4 410 853	4 444 187	4 480 302
Pinotage	4 460 894	4 250 487	4 221 699	4 230 549	4 242 126
Shiraz	6 931 830	7 150 900	7 409 906	7 715 036	8 063 773
Other red	9 584 263	10 293 313	11 133 965	12 113 620	13 171 947
Total	**35 091 422**	**36 278 651**	**37 805 355**	**39 548 473**	**41 447 757**

Graph 13



Graph 14

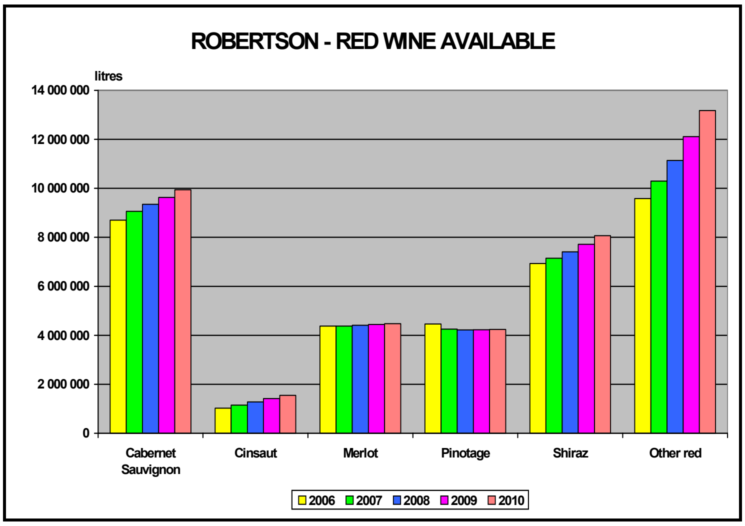


Table 9 Stellenbosch - red wine available for marketing

litres

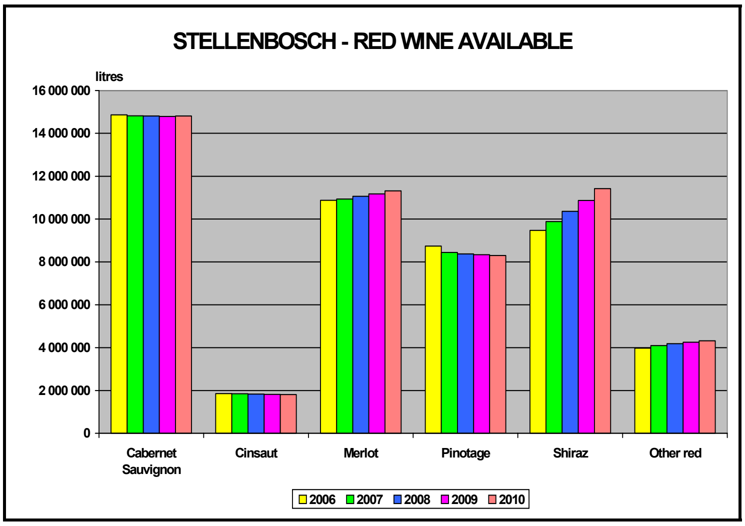
	2006	2007	2008	2009	2010
Cabernet Sauvignon	14 859 973	14 816 060	14 809 166	14 792 507	14 806 785
Cinsaut	1 855 905	1 843 339	1 834 455	1 819 246	1 804 887
Merlot	10 873 767	10 937 459	11 058 709	11 175 991	11 319 834
Pinotage	8 740 292	8 439 363	8 371 488	8 334 940	8 299 959
Shiraz	9 468 997	9 879 352	10 357 278	10 869 371	11 423 225
Other red	3 980 644	4 095 026	4 184 305	4 248 787	4 317 386
Total	**49 779 578**	**50 010 600**	**50 615 402**	**51 240 843**	**51 972 075**

Table 10 Worcester – red wine available for marketing

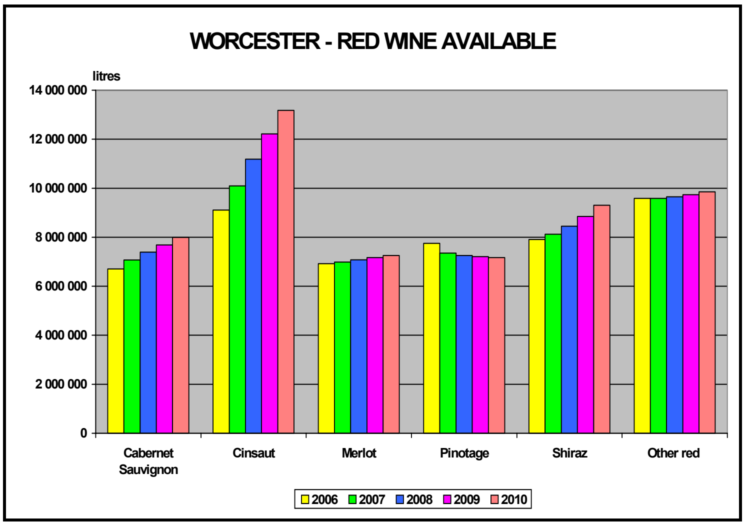
litres

	2006	2007	2008	2009	2010
Cabernet Sauvignon	6 709 323	7 071 291	7 392 315	7 686 784	7 994 331
Cinsaut	9 106 519	10 095 618	11 187 213	12 218 937	13 182 050
Merlot	6 921 991	6 988 099	7 083 073	7 170 587	7 257 880
Pinotage	7 747 982	7 348 504	7 253 366	7 212 733	7 171 131
Shiraz	7 912 389	8 124 690	8 451 639	8 851 820	9 306 083
Other red	9 587 844	9 589 411	9 653 313	9 733 358	9 853 209
Total	**47 986 048**	**49 217 614**	**51 020 918**	**52 874 220**	**54 764 684**

Graph 15



Graph 16



WHITE WINE – SUPPLY 2006 TO 2010

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 1997 to 2004 was used) in 2006 will be an estimated 669,0 million litres, whereafter it will increase annually by an average of 3,5% to 767,3 million litres in 2010.

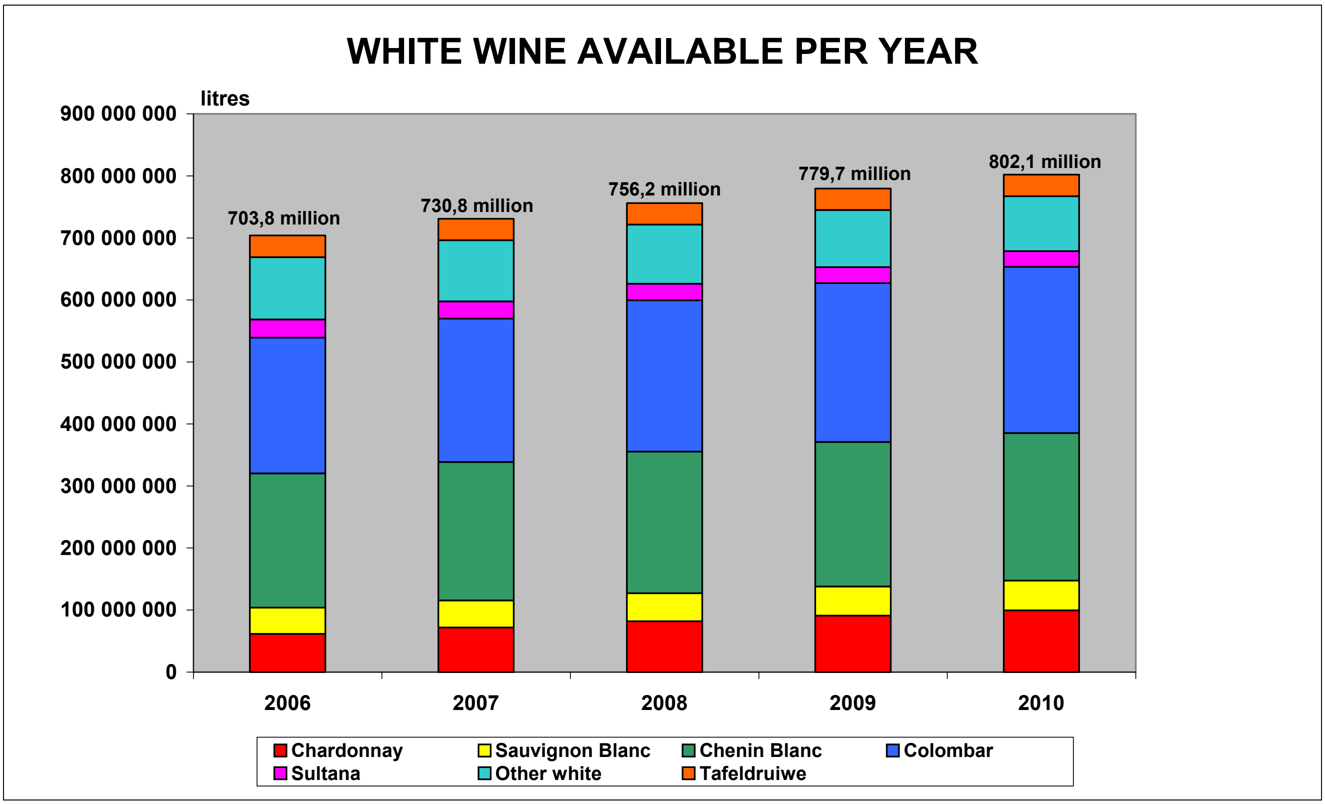
In annual average growth in availability from 2006 to 2010 it is only Chardonnay, Sauvignon Blanc, Chenin Blanc and Colombar, which show positive average growth rates of 12,7%, 3,4%, 2,4% and 5,2% respectively. According to estimates Other white will decrease by 3,1%. The volumes available per variety for the industry as a whole from 2006 to 2010 are set out in Table 11 and Graph 17.

Table 11 Industry - white wine available for marketing

litres

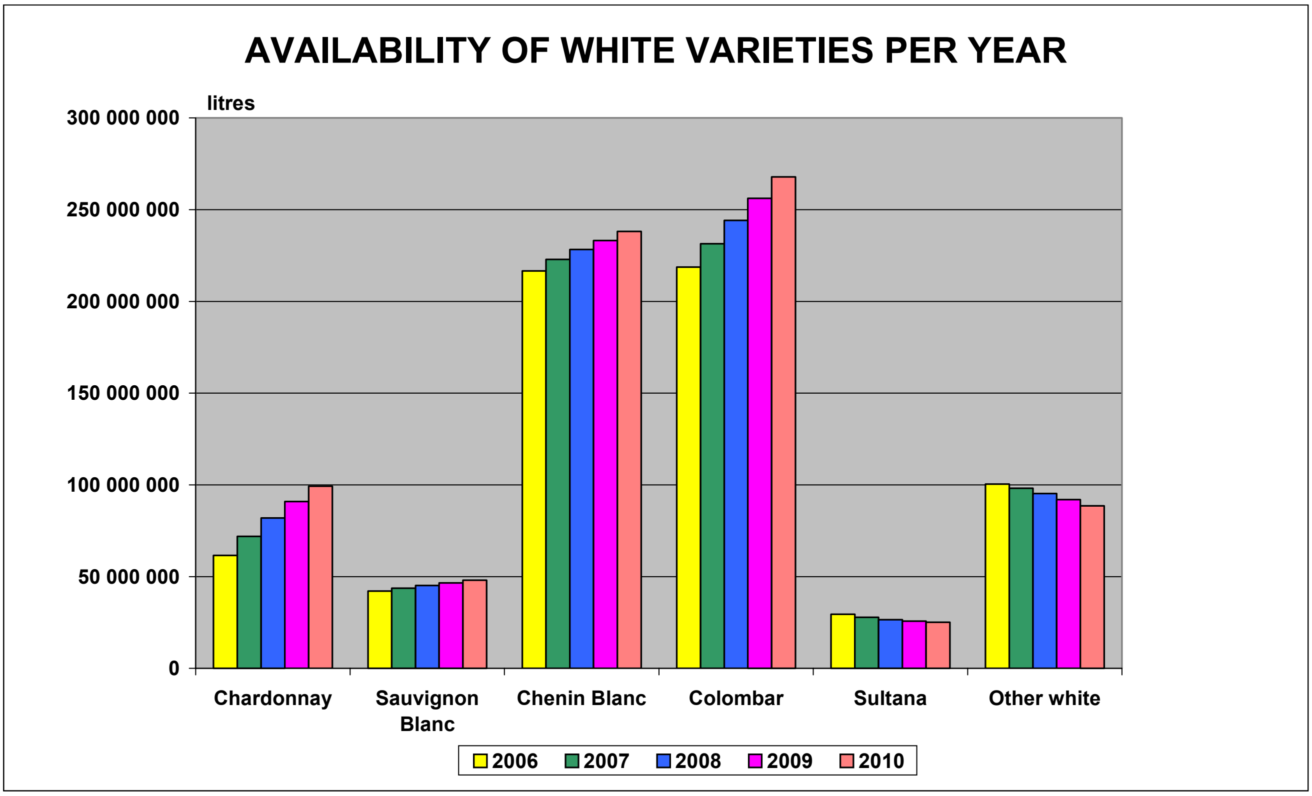
	2006	2007	2008	2009	2010
Chardonnay	61 617 009	71 933 968	82 000 522	91 032 669	99 307 571
Sauvignon Blanc	42 089 259	43 696 431	45 184 777	46 654 566	48 138 482
Chenin Blanc	216 686 768	222 873 552	228 256 655	233 240 158	238 165 139
Colombar	218 673 481	231 448 726	244 117 003	256 234 515	267 901 297
Sultana	29 467 892	27 810 155	26 625 006	25 777 619	25 129 538
Other white	100 470 643	98 254 065	95 240 260	91 965 476	88 675 884
Total	**669 005 052**	**696 016 898**	**721 424 223**	**744 905 003**	**767 317 911**
Table grapes	**34 752 585**	**34 752 585**	**34 752 585**	**34 752 585**	**34 752 585**
Total	**703 757 637**	**730 769 483**	**756 176 808**	**779 657 588**	**802 070 496**

Graph 17

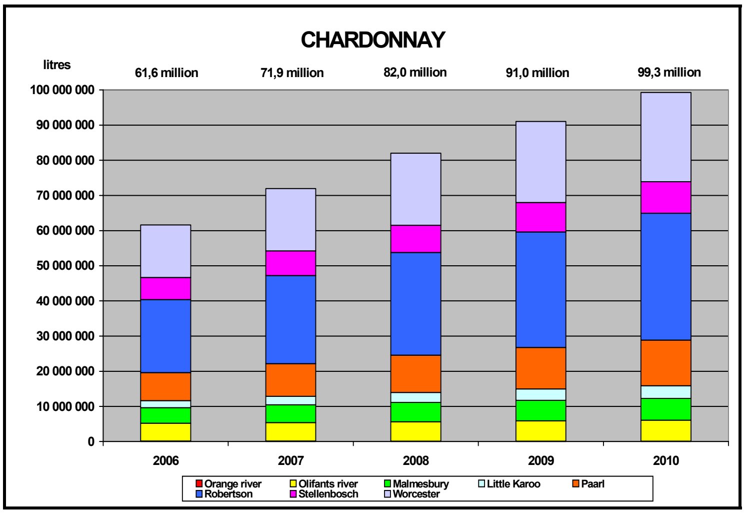


In Graph 18 the availability (per year) of the different white wine varieties are compared to each other. Colombar (Graph 22) is the variety of which the largest volume will be available from 2006 to 2010. Chenin Blanc (Graph 21) holds the second position in 2006 to 2010. Chardonnay (Graph 19) holds the third position in 2010, but from 2006 to 2009 it holds the fourth position. Other white (Graph 24) holds the third position from 2006 to 2009 and thereafter the fourth position in 2010. Sauvignon Blanc (Graph 20) and Sultana (Graph 23) holds the fifth and sixth positions respectively throughout.

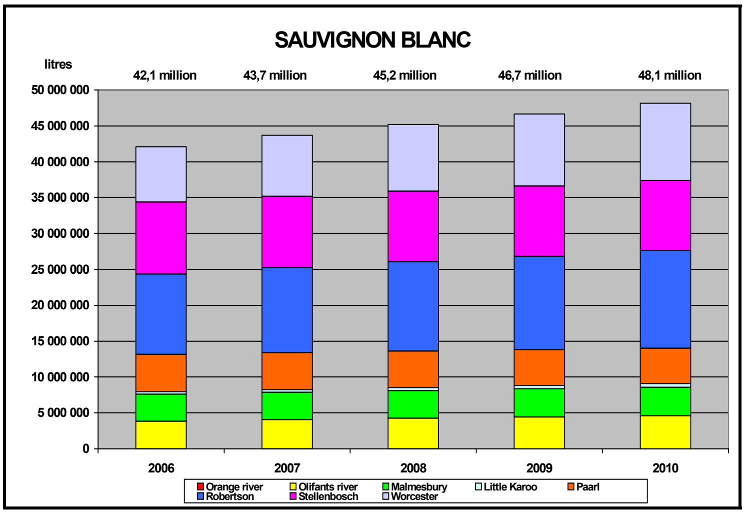
Graph 18



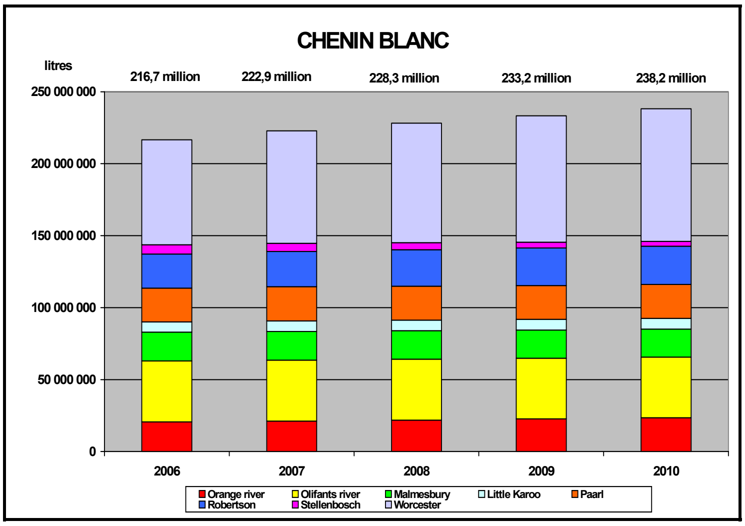
Graph 19



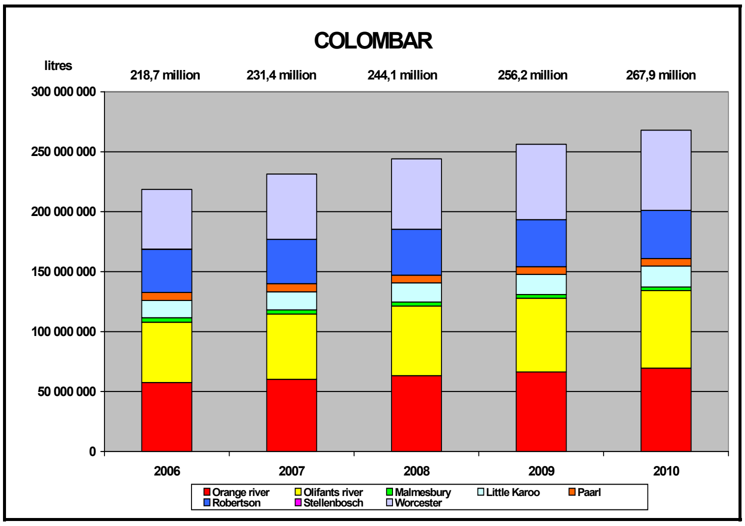
Graph 20



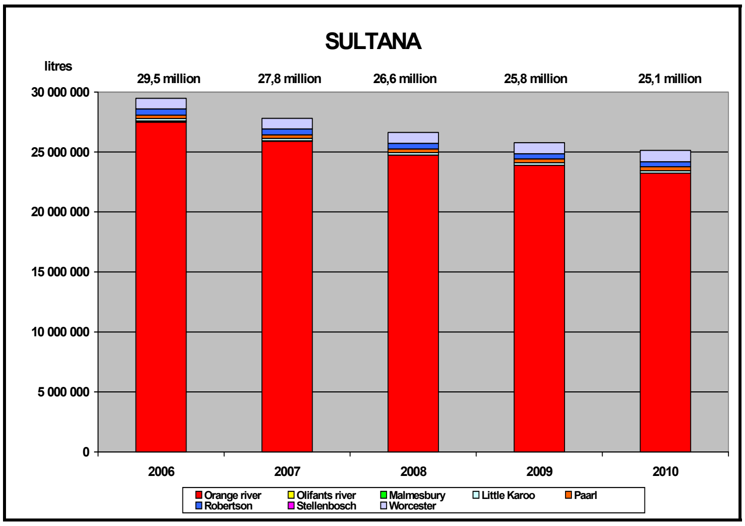
Graph 21



Graph 22



Graph 23



Graph 24

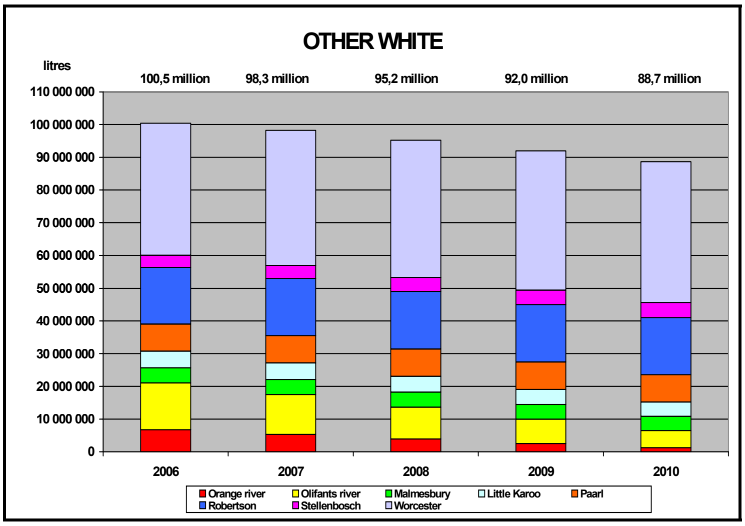


Table 12 to 19 and Graph 25 to 32 set out the availability of white wine in the different regions. Worcester will have the most white wine available throughout, from 2006 to 2010. Olifants River holds the second position in 2006 and 2007, but is overtaken by Robertson in 2008. All regions show a positive average annual growth during this period, with Stellenbosch showing the only average annual negative growth from 2006 to 2010 (-0,2%). Worcester shows growth of (6%) followed by Robertson (5%), Little Karoo (4%), Paarl (2%), Olifants River and Orange River (1%) and Malmesbury (0,2%).

Table 12 Little Karoo – white wine available for marketing

litres

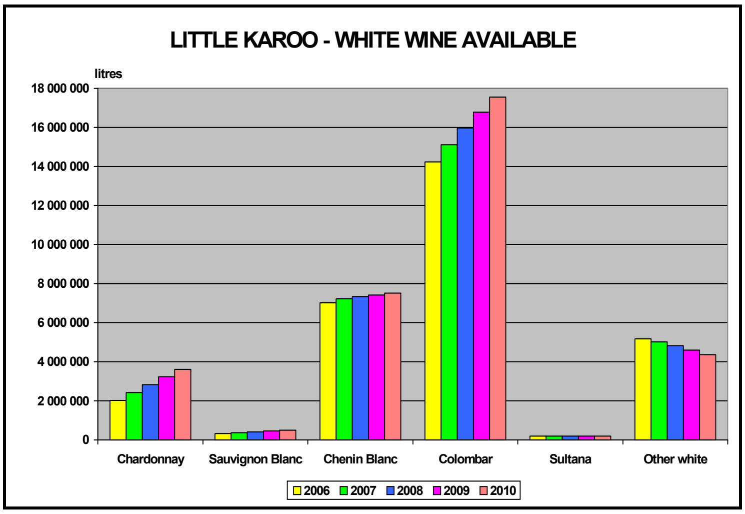
	2006	2007	2008	2009	2010
Chardonnay	2 026 529	2 427 173	2 833 761	3 227 517	3 609 443
Sauvignon Blanc	327 320	369 007	413 181	456 598	499 309
Chenin Blanc	7 017 346	7 223 648	7 332 324	7 423 489	7 520 487
Colombar	14 233 235	15 118 804	15 976 716	16 789 747	17 555 509
Sultana	200 218	200 213	200 212	200 212	200 212
Other white	5 174 377	5 018 410	4 822 992	4 599 046	4 360 130
Total	**28 979 026**	**30 357 254**	**31 579 186**	**32 696 609**	**33 745 091**

Table 13 Malmesbury – white wine available for marketing

litres

	2006	2007	2008	2009	2010
Chardonnay	4 415 424	5 010 848	5 481 795	5 849 210	6 194 001
Sauvignon Blanc	3 780 804	3 819 972	3 864 669	3 920 339	3 984 915
Chenin Blanc	20 096 554	19 991 753	19 766 878	19 547 262	19 375 899
Colombar	3 780 159	3 565 765	3 352 439	3 140 283	2 928 691
Sultana	43 132	21 465	9 356	3 801	1 459
Other white	4 547 251	4 639 847	4 581 035	4 487 969	4 395 615
Total	**36 663 324**	**37 049 650**	**37 056 170**	**36 948 864**	**36 880 581**

Graph 25



Graph 26

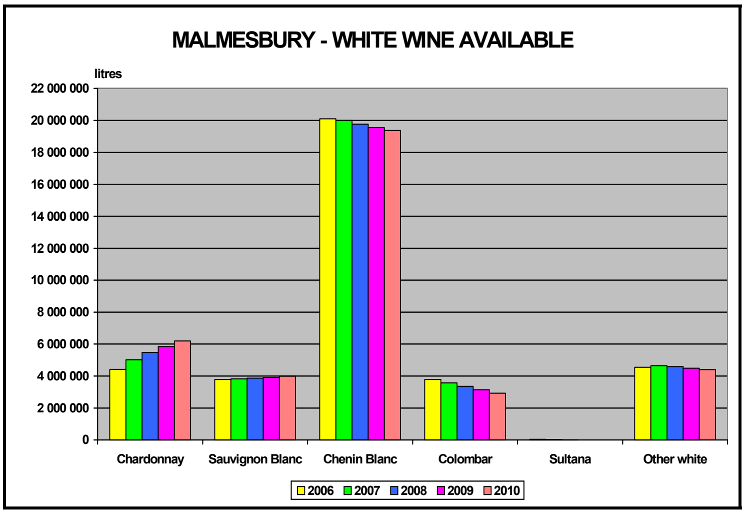


Table 14 Olifants River – white wine available for marketing

litres

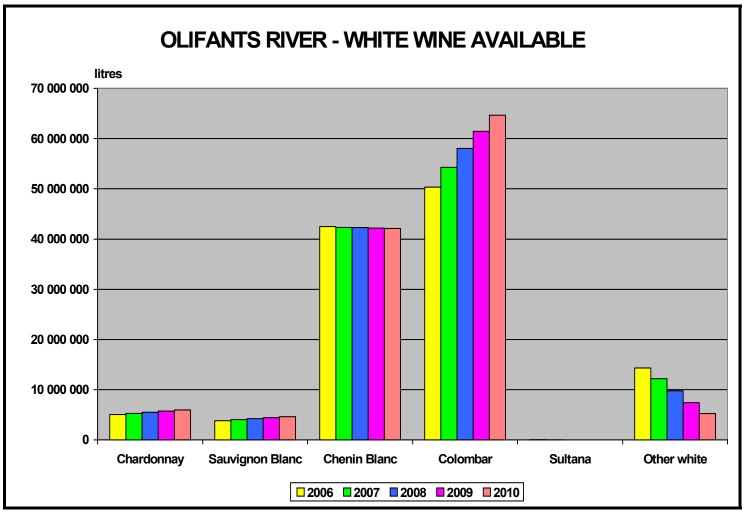
	2006	2007	2008	2009	2010
Chardonnay	5 063 970	5 273 589	5 512 435	5 743 983	5 965 051
Sauvignon Blanc	3 833 748	4 051 129	4 247 622	4 425 761	4 594 635
Chenin Blanc	42 447 439	42 336 959	42 262 146	42 197 977	42 137 019
Colombar	50 380 233	54 343 421	58 060 425	61 459 131	64 664 699
Sultana	51 369	22 340	9 093	3 507	1 300
Other white	14 325 540	12 162 737	9 761 851	7 429 246	5 236 811
Total	**116 102 299**	**118 190 176**	**119 853 573**	**121 259 605**	**122 599 516**

Table 15 Orange River – white wine available for marketing

litres

	2006	2007	2008	2009	2010
Chardonnay	151 220	132 805	125 000	121 506	119 927
Sauvignon Blanc	11 612	10 450	9 471	8 716	8 167
Chenin Blanc	20 528 893	21 202 212	21 900 969	22 686 429	23 548 554
Colombar	57 540 175	60 254 279	63 232 597	66 359 597	69 567 925
Sultana	27 489 455	25 889 283	24 731 025	23 890 867	23 239 801
Other white	6 733 047	5 315 500	3 914 667	2 565 100	1 254 282
Total	**112 454 402**	**112 804 529**	**113 913 730**	**115 632 215**	**117 738 657**

Graph 27



Graph 28

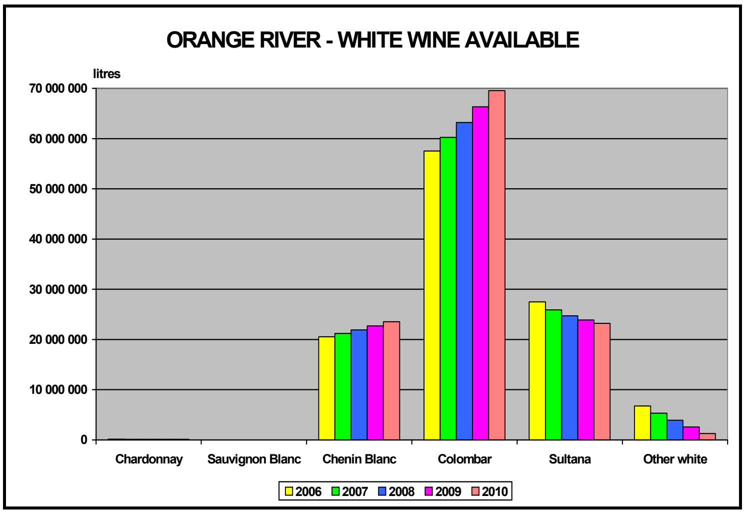


Table 16 Paarl – white wine available for marketing

litres

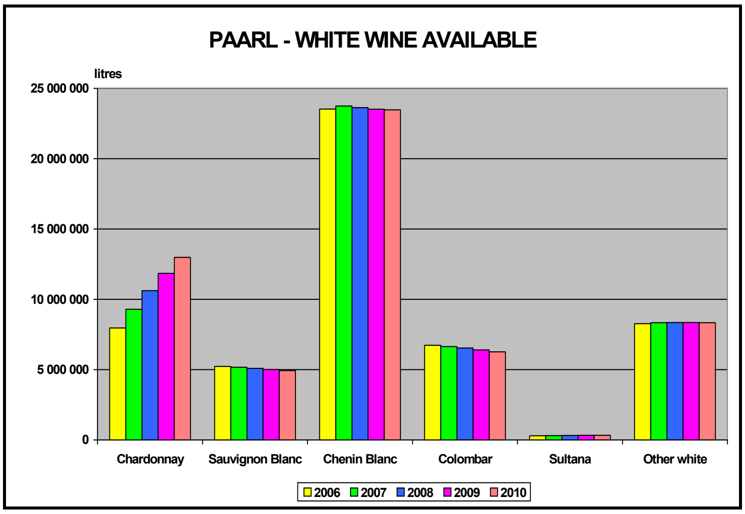
	2006	2007	2008	2009	2010
Chardonnay	7 959 324	9 291 773	10 610 686	11 839 126	12 980 524
Sauvignon Blanc	5 223 691	5 163 044	5 091 286	5 011 580	4 928 401
Chenin Blanc	23 529 692	23 754 907	23 638 480	23 523 136	23 484 654
Colombar	6 733 445	6 640 304	6 531 630	6 406 007	6 269 119
Sultana	291 508	301 259	311 963	322 774	333 458
Other white	8 272 257	8 335 923	8 355 592	8 344 837	8 328 924
Total	**52 009 917**	**53 487 210**	**54 539 636**	**55 447 461**	**56 325 080**

Table 17 Robertson – white wine available for marketing

litres

	2006	2007	2008	2009	2010
Chardonnay	20 744 881	25 061 335	29 208 721	32 834 349	36 098 085
Sauvignon Blanc	11 195 296	11 857 547	12 435 346	13 014 025	13 609 900
Chenin Blanc	23 605 294	24 499 645	25 321 351	26 044 371	26 703 502
Colombar	35 894 700	37 073 180	38 177 776	39 225 007	40 203 078
Sultana	516 293	485 562	458 719	434 704	412 147
Other white	17 308 384	17 512 085	17 578 350	17 530 628	17 418 386
Total	**109 264 848**	**116 489 354**	**123 180 264**	**129 083 084**	**134 445 098**

Graph 29



Graph 30

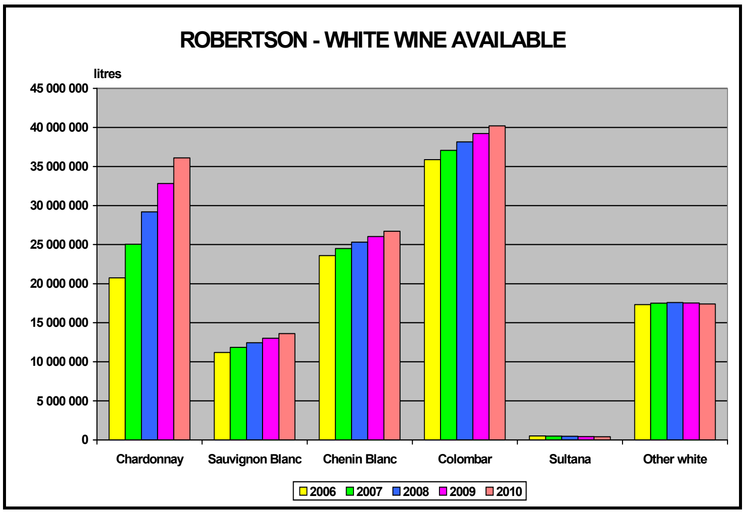


Table 18 Stellenbosch - white wine available for marketing

litres

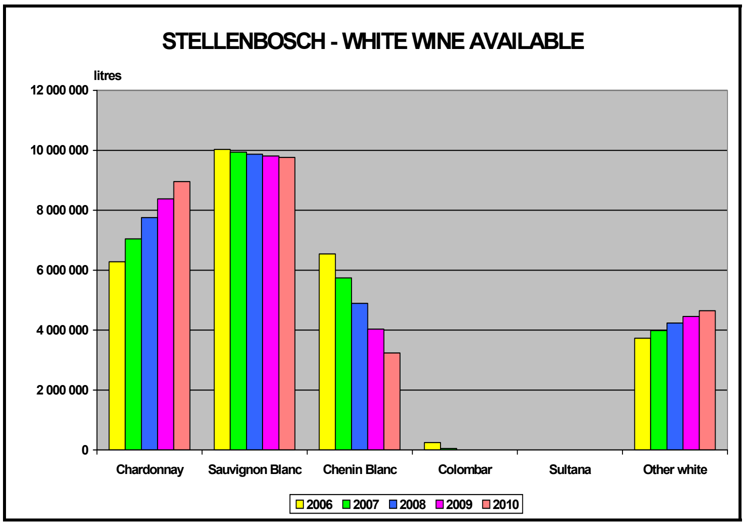
	2006	2007	2008	2009	2010
Chardonnay	6 278 559	7 041 078	7 752 584	8 379 750	8 955 888
Sauvignon Blanc	10 029 691	9 938 760	9 868 169	9 811 789	9 765 835
Chenin Blanc	6 545 470	5 740 944	4 890 604	4 034 846	3 235 971
Colombar	245 188	47 596	255	1	
Sultana	522	522	522	522	522
Other white	3 726 937	3 986 634	4 236 776	4 454 951	4 649 260
Total	**26 826 367**	**26 755 534**	**26 748 910**	**26 681 859**	**26 607 477**

Table 19 Worcester – white wine available for marketing

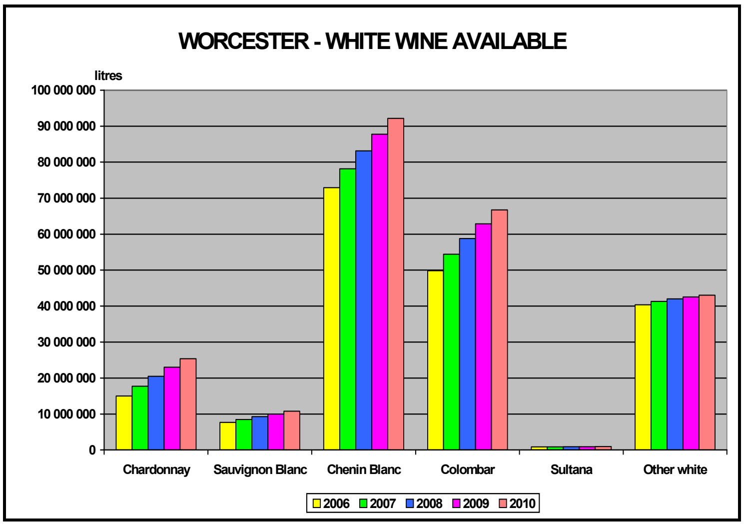
litres

	2006	2007	2008	2009	2010
Chardonnay	14 977 101	17 695 368	20 475 542	23 037 226	25 384 650
Sauvignon Blanc	7 687 097	8 486 524	9 255 035	10 005 757	10 747 320
Chenin Blanc	72 916 076	78 123 488	83 143 915	87 782 655	92 159 043
Colombar	49 866 349	54 405 379	58 785 171	62 854 733	66 712 269
Sultana	875 395	889 510	904 115	921 231	940 639
Other white	40 382 853	41 282 932	41 988 995	42 553 696	43 032 476
Total	**186 704 870**	**200 883 201**	**214 552 772**	**227 155 299**	**238 976 398**

Graph 31



Graph 32



DEMAND – 2006 TO 2010

1 MARKET ESTIMATES – REBATE, DISTILLING WINE AND NON-ALCOHOLIC (does not reflect production)

	1997	1998	1999	2000	2001	2002	2003
	000 litres @ 10% A/V						
Distilling wine *	261 632	218 252	152 122	140 353	114 560	164 600	187 400
Rebate wine	158 128	123 519	55 278	28 455	9 491	31 626	59 279
Juice and concentrate for non-alc purposes	78 141	53 515	132 014	156 394	119 733	134 399	82 761
TOTAL	**497 902**	**395 285**	**339 413**	**325 203**	**243 784**	**330 625**	**329 440**

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

	2004	2005	2006	2007	2008	2009	2010
	000 litres @ 10% A/V						
Distilling wine *	167 800	186 400	192 057	197 303	202 625	207 980	213 349
Rebate wine	99 553	99 035	90 500	92 500	101 500	104 500	107 500
Juice and concentrate for non-alc purposes	101 257	87 084	94 972	94 972	94 972	94 972	94 972
TOTAL	**368 610**	**372 519**	**377 529**	**384 775**	**399 097**	**407 452**	**415 821**

*** Including imports (2005)**

2 DOMESTIC MARKET – WINE AND BRANDY

'000 litres

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Actual	Trend	Forecast	Trend	Forecast	Trend	Forecast	Trend	Forecast	Trend	Forecast	Trend	Forecast	Trend
Brandy	38,940	90.6	40,600	104.3	41,000	101.0	42,000	102.4	44,500	106.0	46,500	104.5	48,100	103.4	49,100	102.1	50,100	102.0	51,100	102.0	52,100	102.0
Sparkling Wine	5,700	69.5	6,300	110.5	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	9,800	103.2
HP Wine	30,200	106.0	31,000	102.6	34,900	112.6	37,000	106.0	38,400	103.8	40,000	104.2	41,200	103.0	42,400	102.9	43,650	102.9	44,900	102.9	46,200	102.9
HP Red	9,050	106.5	9,600	106.1	11,240	117.1	12,200	108.5	12,850	105.3	13,675	106.4	14,400	105.3	15,200	105.6	16,050	105.6	16,950	105.6	17,900	105.6
HP White	21,150	105.8	21,400	101.2	23,660	110.6	24,800	104.8	25,550	103.0	26,325	103.0	26,800	101.8	27,200	101.5	27,600	101.5	27,950	101.3	28,300	101.3
MP Wine	84,500	100.0	86,500	102.4	91,600	105.9	82,000	89.5	80,000	97.6	80,000	100.0	81,000	101.3	82,000	101.2	83,000	101.2	84,000	101.2	85,000	101.2
MP Red	12,300	100.0	12,100	98.4	12,800	105.8	14,000	109.4	15,300	109.3	16,000	104.6	16,750	104.7	17,500	104.5	18,300	104.6	19,150	104.6	20,000	104.4
MP White	72,200	100.0	74,400	103.0	78,800	105.9	68,000	86.3	64,700	95.1	64,000	98.9	64,250	100.4	64,500	100.4	64,700	100.3	64,850	100.2	65,000	100.2
SP Wine	215,000	110.3	219,900	102.3	211,700	96.3	178,300	84.2	181,000	101.5	180,000	99.4	180,800	100.4	181,600	100.4	182,350	100.4	183,100	100.4	183,800	100.4
Total Natural Wine	329,700	107.0	337,400	102.3	338,200	100.2	297,300	87.9	299,400	100.7	300,000	100.2	303,000	101.0	306,000	101.0	309,000	101.0	312,000	101.0	315,000	101.0
Fortified Wine	27,800	92.1	27,800	100.0	29,700	106.8	30,000	101.0	30,000	100.0	30,000	100.0	31,000	103.3	31,300	101.0	31,600	101.0	31,900	100.9	32,300	101.3

3 EXPORT MARKET – WINE

'000 litres

	2000		2001		2002		2003		2004	
	Actual	2000/ 1999	Actual	2001/ 2000	Actual	2002/ 2001	Actual	2003/ 2002	Actual	2004/ 2003
Bottled										
Red Wine	44,260	116.2	56,320	127.2	75,130	133.4	86,578	115.2	98,553	113.8
White Wine	47,774	113.5	56,514	118.3	71,233	126.0	77,130	108.3	85,799	111.2
Blanc de Noir & Rose	1,182	110.4	1,781	150.7	3,526	198.0	5,152	146.1	7,423	144.1
Sparkling Wine	685	84.6	779	113.7	1,401	179.8	1,630	116.3	1,553	95.3
Total Natural	93,901	114.4	115,394	122.9	151,290	131.1	170,490	112.7	193,328	113.4
Fortified Wine	392	69.0	475	121.2	427	89.9	480	112.4	342	71.3
Total Bottled	94,293	114.1	115,869	122.9	151,717	130.9	170,970	112.7	193,670	113.3
Bulk										
Red Wine	15,823	90.2	19,734	124.7	23,403	118.6	24,140	103.1	28,887	119.7
White Wine	29,615	106.2	40,515	136.8	41,218	101.7	41,933	101.7	41,304	98.5
Blanc de Noir & Rose	879	89.9	1,227	139.6	1,248	101.7	2,280	182.7	3,801	166.7
Total Natural	46,317	99.9	61,476	132.7	65,869	107.1	68,353	103.8	73,992	108.2
Fortified Wine	76	59.8	73	96.1	97	132.9	51	52.6	71	139.2
Total Bulk	46,393	99.7	61,549	132.7	65,966	107.2	68,404	103.7	74,063	108.3
TOTAL EXPORTS	140,686	108.9	177,418	126.1	217,683	122.7	239,374	110.0	267,733	111.8

	2005		2006		2007		2008		2009		2010	
	Forecast	2005/ 2004	Forecast	2006/ 2005	Forecast	2007/ 2006	Forecast	2008/ 2007	Forecast	2009/ 2008	Forecast	2010/ 2009
Bottled												
Red Wine	112,000	113.6	127,000	113.4	144,000	113.4	163,000	113.2	185,000	113.5	207,000	111.9
White Wine	96,000	111.9	107,000	111.5	118,000	110.3	128,000	108.5	138,000	107.8	148,000	107.2
Blanc de Noir & Rose	9,000	121.2	10,000	111.1	11,000	110.0	12,000	109.1	13,000	108.3	14,000	107.7
Sparkling Wine	1,600	103.0	1,650	103.1	1,700	103.0	1,750	102.9	1,850	1850.0	1,950	1850.0
Total Natural	218,600	113.1	245,650	112.4	274,700	111.8	304,750	110.9	337,850	110.9	370,950	109.8
Fortified Wine	350	102.3	350	100.0	350	100.0	350	100.0	350	100.0	350	100.0
Total Bottled	218,950	113.1	246,000	112.4	275,050	111.8	305,100	110.9	338,200	110.8	371,300	109.8
Bulk												
Red Wine	38,000	131.5	45,000	118.4	50,000	111.1	55,000	110.0	60,000	109.1	65,000	108.3
White Wine	41,000	99.3	41,000	100.0	41,000	100.0	41,000	100.0	41,000	100.0	41,000	100.0
Blanc de Noir & Rose	4,500	118.4	5,000	111.1	5,500	110.0	6,000	109.1	6,500	108.3	7,000	107.7
Total Natural	83,500	112.9	91,000	109.0	96,500	106.0	102,000	105.7	107,500	105.4	113,000	105.1
Fortified Wine	70	98.6	70	100.0	70	100.0	70	100.0	70	100.0	70	100.0
Total Bulk	83,570	112.8	91,070	109.0	96,570	106.0	102,070	105.7	107,570	105.4	113,070	105.1
TOTAL EXPORTS	302,520	113.0	337,070	111.4	371,620	110.3	407,170	109.6	445,770	109.5	484,370	108.7

Assumptions:
Exchange rate depreciates with an average of 10% per year from 2006 to 2010.

SUPPLY AND DEMAND IN PERSPECTIVE

TO BE READ TOGETHER WITH ASSUMPTIONS ON PAGE 3

Table 20 and Graph 33 sets out the scenario with regard to the supply and demand situation of red wine from 2006 to 2010. The total demand for red wine (domestic and export) will amount to an estimated 214,4 million litres in 2006, whereafter it will increase annually with an average 11% to 325,7 million litres in 2010. When taking the stock situation into account, the market requirement in terms of the demand for red wine is expected to be met from 2006 to 2010. The stock situation is estimated to increase from 164,5 million litres on 31 December 2005 to 202,7 million litres in 2008, thereafter it will begin to decrease to 124,2 million litres in 2010. The difference between the two forecasts (2005 against 2004) can be attributed on the supply side to the fact that the yield per vine in the model has been increased upwards to compensate for the trends that is currently observed. On the demand side the trend for the HP Red market decreased in comparison with the previous forecast. The MP Red market trend has, however, been increased in comparison with the previous forecast.

Table 20 and Graph 34 sets out the situation with regard to the supply and demand of white wine from 2006 to 2010. The demand for natural white wine (domestic and export) will amount to an estimated 423,6 million litres in 2006, whereafter it will increase annually with an average 3% to 471,4 million litres in 2010. The demand for rebate, distilling wine and non-alcoholic will amount to an estimated 355,1 million gross litres in 2006, whereafter it will increase annually with an average 2% to 391,4 million gross litres in 2010. If the demand for both natural wine and distilling wine products is taken into account, it shows that the demand for the period 2006 will be met, but with a drastic decrease in the stock level of white wine of 75 million litres to a level of just 65 million litres, which is not sufficient to meet market requirements until such time as the new harvest becomes marketable. From 2007 to 2010 the demand will not be fulfilled.

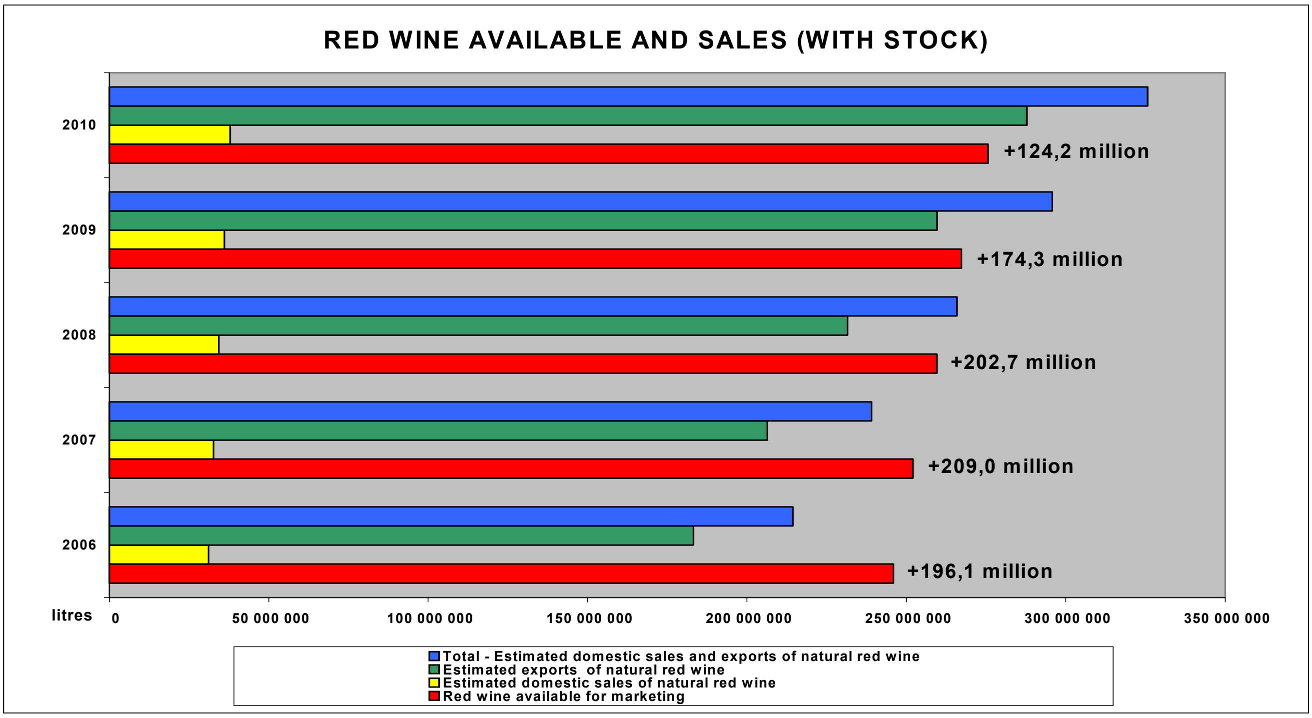
Table 20 Supply and Demand

litres

	2005	2006	2007	2008	2009	2010
Red wine available for marketing		245 927 856	252 026 849	259 555 811	267 280 988	275 592 423
Estimated domestic sales of natural red wine		31 150 000	32 700 000	34 350 000	36 100 000	37 900 000
Estimated exports of natural red wine		183 250 000	206 375 000	231 500 000	259 625 000	287 750 000
Total - Estimated domestic sales and exports of natural red wine		**214 400 000**	**239 075 000**	**265 850 000**	**295 725 000**	**325 650 000**
Red wine stock as on 31 December	**164 538 000**	**196 065 856**	**209 017 706**	**202 723 517**	**174 279 505**	**124 221 927**
Shortage/Surplus on red wine year on year* (without stock)		31 527 856	12 951 849	- 6 294 189	- 28 444 012	- 50 057 577
		2006	**2007**	**2008**	**2009**	**2010**
White wine available for marketing		703 757 637	730 769 483	756 176 808	779 657 588	802 070 496
Estimated domestic sales of natural white wine		271 850 000	273 300 000	274 650 000	275 900 000	277 100 000
Estimated exports of natural white wine		151 750 000	163 125 000	173 500 000	183 875 000	194 250 000
Total - Estimated domestic sales and exports of natural white wine		**423 600 000**	**436 425 000**	**448 150 000**	**459 775 000**	**471 350 000**
Shortage/Surplus on white wine year on year (only natural wine)*		280 157 637	294 344 483	308 026 808	319 882 588	330 720 496
Distilling wine market demand		192 057 000	197 303 000	192 625 000	207 980 000	213 349 000
Rebate market demand		79 614 332	81 373 765	89 291 212	91 930 361	94 569 510
Non-alcoholic market demand		83 464 719	83 464 719	83 464 719	83 464 719	83 464 719
Total - Distilling products		**355 136 051**	**362 141 484**	**365 380 931**	**383 375 080**	**391 383 229**
Total - Domestic sales of natural white wine and distilling products		**778 736 051**	**798 566 484**	**813 530 931**	**843 150 080**	**862 733 229**
White wine stock as on 31 December	**140 162 000**	**65 183 586**	**- 2 613 416**	**- 59 967 538**	**- 123 460 031**	**- 184 122 763**
Shortage/Surplus on white wine when distilling products are added* (Without stock)		- 74 978 414	- 67 797 001	- 57 354 123	- 63 492 492	- 60 662 733

*** Stock situation not taken into account**

Graph 33



Graph 34