MEDIOBANCA

WINE INDUSTRY SURVEY

by Mediobanca Research Department

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Introduction

This survey consists of two sections. The first involves 108 of the leading Italian companies operating in the wine industry. They include all Italian companies with 2011 with turnover of above €25m, whose financial statements have been aggregated for the 2007-2011 period.[1] The aggregate consists of 30 co-operatives (including four limited companies owned by one or more co-operatives), 72 Italian-owned and six non-Italian-owned limited companies. The aggregate of these companies in 2011 generated sales totalling €4.9bn, representing an estimated 61% of the total production (which in 2011 was estimated at around €8.1bn) and 55% of the exports (worth €4.4bn). The earnings and financial information has been supplemented by interviews carried out with the companies with a view to assessing the pre-closing results for 2012, the expected sales for 2013, and certain aspects of the firms' commercial structures. The second section is made up of two parts. The first analyses the 2002-2011 aggregate of the thirteen largest listed international companies with turnover of above €150m, which in 2011 posted revenues of €7.9bn. The second illustrates the trend between 2011 and mid-March 2013 in the global listed wine-makers' index. This index comprises 46 companies listed on twenty different stock markets worldwide, with an aggregate market capitalization as at the end-date of some €20.2bn.

[1] These are specialist companies, often operating in more than one region. Companies which are major wine producers at national level but generate the majority of their turnover through other activities have not been included. Where available was privileged consolidated data.

Highlights

Leading Italian companies: pre-closing data for 2012 and 2013 estimates

- 2012 sales: increase of 6.9%, higher on non-domestic markets (up 9.4%) than in Italy (up 4.5%); aggregate sales were 17.1% higher than the pre-crisis level (2008), exports 28.9%, and domestic sales 7.1% higher; revenues for FY 2011 were up 8.9% on 2010, outperforming Italian manufacturing industry was a whole (which reported 7% growth), the food and drinks sector as a whole (up 6.7%) and also the beverages industry specifically (up 5.5%); in 2011 as well international markets were more dynamic than the domestic markets were, with sales increasing by 12.6% and 5.6% respectively;
- investments in fixed assets in 2012: up 10%, after the strong, 30.1% reduction in 2011; advertising investments in the wine industry grew by 6.5% (compared to a 14.1% reduction nationally);
- employment in 2012: up 2.6%), compared with a downturn in industry as a whole (1.8%); the wine industry aggregate saw cumulative increase of 1.9% in the number of staff between the years of 2007 and 2011, which contrasts with the downsizing reflected by companies operating in the beverage sector (down 3.6%) and Italian manufacturing industry as a whole (down 5.5%);
- non-domestic markets in 2012: the European Union accounts for 50.6% of the exports, with an increase in terms of value of 10.5%. The second most popular destination was North America, with 33.2% of the exports (up 7.2% versus 2011); Asia and Australia were up 26.1% compared with 2011, albeit accounting for relatively small weights (4.7% of the total exports); the contribution from Latin America was marginal at 1.3%, while the rest of the world (Africa, the Middle East and the non-EU European countries) accounted for 10.2% (down 1.4%);
- top-sellers in 2012: three groups confirmed their positions at the top of the rankings by turnover, namely Cantine Riunite-GIV (sales of €514m, up 3.2% on 2011), Caviro (€283.6m, up 14.9%), and the wine division of Campari (€196.4m, up 6.1%); Fratelli Martini Secondo Luigi, with sales of €162.2m (up 12.3% on 2011) ranked fourth (up from seventh in 2011), while fifth (up from sixth the previous year) was the co-operative Mezzacorona, with sales of €160,3m (up 7.9%); only modest increases in sales (of between one and two percent) caused Cavit to fall from fourth position in 2011 to sixth in 2012, and Antinori to fall from fifth position to seventh; of the top 25 producers, the highest growth in 2012 was reported by Collis Veneto Wine Group (up 22.2% on 2011), followed by Botter Carlo & C. (up 20.7%) and co-operative Cantina di Soave (up 20.2%); a further eight wine producers saw their 2012 sales increase by more than 10%; while the most extensive non-domestic franchise was reported by Botter Carlo & C., which generates 96.4% of its turnover outside of Italy, followed by Fratelli Martini Secondo Luigi with 92.1%, Ruffino with 91.2% and Masi Agricola with 90.8%; another eleven companies generate more than 60% of their turnover outside of Italy; the best performance in terms of net profit as a percentage of turnover in 2012 was reported by Masi Agricola, with 16%, followed by the Santa Margherita group (14.6%) and Antinori (14%);
- estimates for 2013: 87% of those interviewed do not expect to see a reduction in sales, but the optimists (those who see sales rising by more than 10%) fall to 14.5% (from 43.8% in 2012), a percentage which is higher only than that recorded in 2009 (8%); just 1.4% are more bearish in their expectations for 2013 (sales growth of over 5%), compared with 9.3% in 2012; while the predictions for exports are even more positive: 94% of those interviews see exports growing or stable in 2013 (compared with 85.6% in 2012), but the tone for 2013 becomes less optimistic than for 2012 if it is considered that the expectations for growth of over 10% in exports fall from 47.8% to 28.4% (again, the lowest level of all after that for 2009); conversely, no operator fears a reduction in sales of more than 10% for 2013 (whereas 4.5% did in 2012).

Leading Italian companies: earnings/financial profile 2007-2011, and commercial structure

- operating profit: up slightly in 2011, with EBIT reaching 28.7% of value added (28.5% in 2010), higher than in 2008 (25.8%) but lower than in 2007 (29.6%); the return on capital invested (ROI) was also higher in 2011, at 5.9% (5.6% in 2010), but lower than the 6.3% reported in 2007; this figure was also lower than the indicators for Italian manufacturing industry generally (7.6%), the food and drink sector (9.3%) and the beverage industry (11%); while the return on equity (ROE) in 2011 was 4.4%, compared with 6.6% in 2010 (4.6% if we exclude extraordinary income which was substantial in that year), reflecting a high level (if it is considered that it fluctuated between 2% and 3% from 2007 to 2009), but below the ratio reflected by companies in the beverage industry (8.8%);

- asset structure: still solid, with a net debt/equity ratio of below par (88.1%) and reflecting improvement on 2010 (89.9%) and also 2009 (92.7%), having recorded its highest level in 2008 (104.7%);
- ownership structure: the book value of investments held by individuals based on net equity at end-2011, amounted to approx. €2.2bn, of which approx. €0.6bn is held by the co-operatives and the other €1.6bn is family-controlled; the portfolio owned by international investors is estimated at approximately €260m, and that owned by financial investors (insurances and funds) is estimated at approx. €420m; the international groups show a ratio of market capitalization to net equity which is equal to 1.3x;
- labels: the highest quality production (fine wines and DOCG) rose from 9.4% in 1996 to 15.7% in 2013, while the DOC labels were stable at 36.6%, and the less prestigious output (IGT and normal wines) was down from 54.3% to 47.7%; 74% of the labels are either DOC or IGT;
- distribution channels: the main distribution channel is large-scale distribution, which accounts for 45.1% of total production and is used by the co-operatives in particular (56.7%) compared to the others where it accounts for some 42.1%; on international markets the exporting intermediary is the primary figure (85.8%), albeit to a slightly lesser degree for the co-operatives (81.7%) which have more extensive proprietary networks (10.3%).

Leading Italian companies: analysis by company and product type in pre-closing 2012 figures and 2013 estimates

- limited companies and co-operatives: the non-co-operatives (limited companies) saw their combined turnover increase by 8.9% from 2010 to 2011, and their exports by 12.7%; there was further growth in 2012, of 5.8%, with an even more marked advantage in favour of the non-domestic sales (12.7%); in 2011 the co-operatives' sales followed a similar trajectory, with an increase of 8.6% versus 2010 and of 11.8% for the exports specifically; the figures for 2012 are looking very positive, with 8.3% growth in turnover, only part of which (4.6%) should be due to exports; the difference in trends outside of Italy for 2012 derive from a healthy performance by the non-co-operatives on EU markets (up 17.4%), which make up 53% of their non-domestic markets, and in North America (up 10.5%, approx. 27% of the international market); conversely, the co-operatives saw their sales fall in the EU (by 0.5%, accounting for some 47% of the total), with a small increase in North America (up 4.1%), where some 44% of the non–domestic sales are generated; 2013 looks to be shaping up in similar fashion, given that almost 33% of the non–co-operatives anticipate sizeable increases (more than 10%) in sales outside their country of origin, compared with 19% for the co-operatives; while the limited companies are the ones offering the best employment prospects: up 5% between 2007 and 2011, up 4% in 2011 and up 3.9% in 2012; whereas the co-operatives seem to be shedding jobs, with employment levels down 0.5% between 2007 and 2011 and down 0.8% in 2011, even if marginally positive in 2012 (up just 0.4%);
- *spumanti* and other wines: the *spumanti* producers saw their combined sales increase by 10.9% in 2011, and their exports by 18.4%; there was slower growth in sales recorded in 2012, up 3.4%, but still with a strong showing outside Italy (up 11.6%); the performance by producers of other wines were slightly less buoyant than those of the *spumanti* makers in 2011, in terms of both total sales (up 8.4%) and exports (up 11.6%); 2012 looks set to show growth, with total sales up 7.7% and international sales up 9.2%; in terms of reference markets, in 2012 *spumanti* wines posted significant growth in North America (up 26.5%), which accounts for 18% of the non–domestic market, and a more modest trend in the EU nations (up 5.6%) which make up some 65% of the cross-border turnover; non–*spumanti* wines held up better on the nearer markets (the EU showed an 11.3% increase, this region making up 49% of the non-domestic turnover), higher than North America (up 6.2%, accounting for 35% of the market); overall, in 2012 the scenario looks rather less sparkling for the *spumanti* manufacturers than it does for the other wine-makers: apart from the lower sales growth, employment has fallen (by 1.8%, compared with a 3.2% rise for the other non *spumanti* wines) as has advertising investment (which fell 1.6%, compared with a 7.7% rise for the others), while investments in fixed assets are stagnant (up 0.6%, as against 11.9% for the others); 2013 as well is looking less rosy: just under 6% of the companies see an increase of over 10% in sales (18% for the other producers), and more pertinently some 28% actually see sales falling (compared with just 7.9% for the non-*spumanti* wine-makers).

Leading listed international groups (historical balance-sheet data, 2001-2011):

- the aggregate of the largest international wine producers saw sales fall slightly from 2010 to 2011, by 1.6%, but on industrial margins which reached their highest levels as a percentage of turnover for the decade: Ebitda stood at 20.1%, and Ebit at 16.9% (it should be recalled that the Italian non–co-operative companies reported sales increases of 8.9%, and margins of 11.8% and 8.1% of turnover respectively); net profit represented 13% of turnover (as against 3.7% for the Italian companies); while ROE in 2011 stood at 18.1%, lower only than the 20.2% reported in 2010 for the decade (6.3% was the ROE reported by the Italian companies);
- the financial structure saw an improvement, with the debt/equity ratio below 85% in 2011, down 54 percentage points compared to the 138.9% recorded in 2008, the highest figure during the ten years (the ratio for the Italian companies improved further, to 63.9%); if intangibles are stripped out of the calculation of net equity, the ratio becomes 208,3%;
- employment was up 3.5% on 2010 (up 4% among the Italian companies);
- the sales performances recorded by the companies were very uneven: great dynamism was shown by Chinese group Yantai (up 20%), this company having recorded consecutive double-digit growth rates since 2003, Chilean Vina Santa Rita (up 16.9%), Distell Group (up 15.1%) and Treasury Wine Estates (up 13.9%); Vranken Pommery reported a 6.8% reduction; while Constellation and Vina Concha y Toro were stable;
- the most recent interim statements for 2012 show a slight, 2.3% increase in aggregate turnover, in a scenario where margins and profits are declining (EBIT down 8.6% and net profit down 7.1%); South African group Distell and Chilean companies Vina San Pedro Tarapaca and Concha y Toro were buoyant, with sales growing by 9.3%, 8.1% and 6.3%, even if the two South American wine-makers saw profits reducing, as they were no longer assisted by refunds from the insurance claims for the damage from the earthquake. Chinese group Yantai Changyu saw its strong growth in recent years interrupted, closing the first nine months of 2012 with turnover down some 6%;
- just over 30% of the market capitalization of the companies comprising the index is represented by the North American wine-makers (some €6.2bn, basically just Constellation Brands) and 22% by the Chinese groups (€4.4bn, €3.3bn of which Yantai Changyu); next comes Australia with 15% (€3.1bn, effectively only Treasury Wine), Chile with 8% (€1.7bn, €1.2bn of which Concha y Toro), France with 5% (€1bn) and Spain with 3% (€0.5bn);
- the Chinese groups show high market multiples, with no other markets showing comparable levels: market capitalization was equity 5.3x net equity (1.3x for the other countries), 21.1x EBIT (9.7x), and 29.9x price/earnings (14.3);
- since January 2001 the global wine industry stock market index has grown by 175%, easily outperforming the international stock markets which have grown just 37.4% in comparison; the best performance by wine stocks (in relative terms, i.e. net of national stock market trends) was reported in North America (up 193%), France (up 105%), and, to a lesser degree, in Australia (up 10%) and Spain (up 2%), while in the other countries the wine-makers underperformed the national stock market (China and Chile both down 54%);
- the betas for wine companies are way below par (0.45 in 2012), meaning the stocks qualify as defensive and anti-cyclical.

I - Leading Italian Wine-Makers

I.1 - Scenario

Global wine production in 2011 has been estimated by the OIV[2] in 266.8 million hectolitres, stable versus 2010 (up 0.8% from 264.6 million hectolitres), but down 1.9% on 2009, the highest value recorded in the five years. Estimates for 2012 suggest wine production will reach 250.9 million hectolitres, 16 million hectolitres lower than the previous year (a decline of 6%). Almost 60% of production is carried out in European Union countries (EU-27). Italy was the second leading producer in 2011, with 16% of the world total and 27.2% of total European production, losing the first place it had held between 2007 and 2010 to France (whose respective shares were 19% and 32.3%). Estimates for 2012 suggest that France will retain its position as the world's leading wine producer, with an output of 42.2 million hectolitres (compared with 40.1 million hectolitres for Italy).

Global wine production (2007-2012E)

	France	Italy	Spain	Germany	Portugal	**UE a 27**	U.S.	Chile	Argentina	Australia	South Africa	**ROW**
						Hl (milions)						
2007	45.7	46.0	34.8	10.3	6.1	**161.2**	19.9	8.2	15.1	9.6	9.8	**266.0**
2008	42.7	47.0	35.9	10.0	5.7	**159.4**	19.3	8.7	14.7	12.5	10.2	**268.8**
2009	46.3	47.3	36.1	9.2	5.9	**162.9**	22.0	10.1	12.1	11.8	10.0	**272.1**
2010	44.5	48.5	35.4	6.9	7.1	**154.4**	20.9	8.8	16.3	11.3	9.3	**264.6**
2011	50.8	42.8	33.4	9.1	5.6	**157.2**	19.2	10.5	15.5	11.1	9.3	**266.8**
2012E	**42.2**	**40.1**	**29.7**	**9.5**	**6.1**	**141.4**	**20.5**	**12.6**	**11.8**	**11.6**	**10.0**	**250.9**
Y.o.Y. chg.	*-16.8*	*-6.3*	*-11.2*	*4.0*	*9.5*	***-10.0***	*6.9*	*20.0*	*-23.9*	*4.2*	*7.6*	***-6.0***

Source: OIV, *Note de conjoncture mondiale,* March 2013.

In 2011, the value of Italian wine production may be estimated at €8.1bn and apparent consumption at €4bn, most of which by hotels and restaurants which accounted for six-tenths of the total:

Production and consumption of wine in Italy in 2011

Production approx.€8,065 ca + Imports approx. €298 ca - Exports approx.€4,405 ca = Apparent consumption approx.€3,958 ca ⇨

Places of consumption

Places of consumption
Households 35%
Hotels and restaurants 60%
Other consumers 5%

Source: Mediobanca Research Department estimates. Apparent consumption consists of changes to stocks.

The share of production accounted for by DOC and DOCG[3] wines fell slightly, by around 4% compared to 2010, and the ISTAT estimates for 2011 suggest they will represent approx. 35% (compared with slightly more than 10% in the mid-1980s); a further 32% of production is accounted for by IGT[4] wines, these too down versus 2010.

A significant share of the wine produced by Italian manufacturers is exported, with the surplus rising from €760m in 1990 to €4.1bn in 2011, a year in which volumes increased by 5.5% and the value by 12.4% (with the average price of wine exported up 6.6%). Provisional ISTAT data for 2012 suggest an 8.8% reduction in the quantity of exports compared to 2011 and a 6.5% increase by value (with the average price

[2] International Organization of Vine and Wine (*Organisation Internationale de la Vigne et du Vin*).
[3] DOC: denominazione di origine controllata"; DOCG: "denominazione di origine controllata e garantita". These two denominations have also been grouped together in the EU category "VQPRD" "Vino di qualità prodotto in regione determinate", i.e. "quality wines produced in particular regions".
[4] IGT = "Indicazione geografica tipica".

of wine exported set to increase by 16.7%, from €1.89 per litre in 2011 to €2.20 in 2012). The provisional trade surplus figure at December 2012 had risen to €4.4bn, 6.8% higher than in 2011.

I.2 - Sales trends: 2007-2012 and estimates for 2013

The aggregate sales of the companies featured in this survey grew by 8.9% in 2011, with exports increasing at more than twice the rate of domestic sales (12.6% compared with 5.6%). Pre-closing figures for 2012 suggest further growth, but at slower rates, with increases forecast of 6.9% for total sales, 4.5% for sales in Italy and 9.4% for exports (cf. table 1).

Table 1 – % change in sales year-on-year (2007-2012E)

	2007	2008	2009	2010	2011	2012E
Total sales	7.1	2.3	-3.7	4.4	8.9	6.9
Sales Italy	6.2	0.3	-3.5	0.6	5.6	4.5
Sales outside Italy	8.2	4.8	-3.9	8.9	12.6	9.4

In 2012 sales were 17.1% above the pre-crisis level of 2008, more comfortably in the case of exports (28.9% higher), less so domestically (7.1%), the latter reflecting the stagnation recorded between 2007 and 2010. In six years exports have grown by an average of 6.7% per annum, domestic sales by 2.3% (diagram 1).

Diagram 1 – Index numbers of sales (2007-2012E, 2007=100)

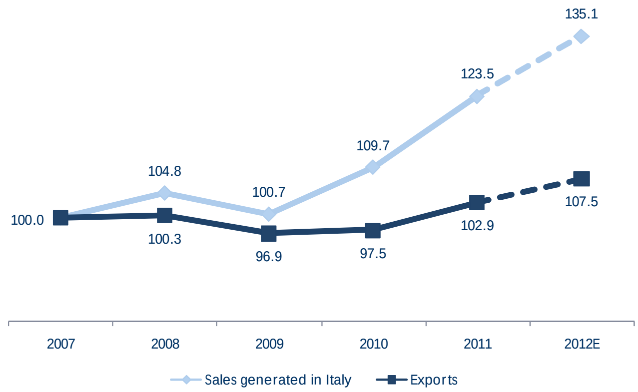
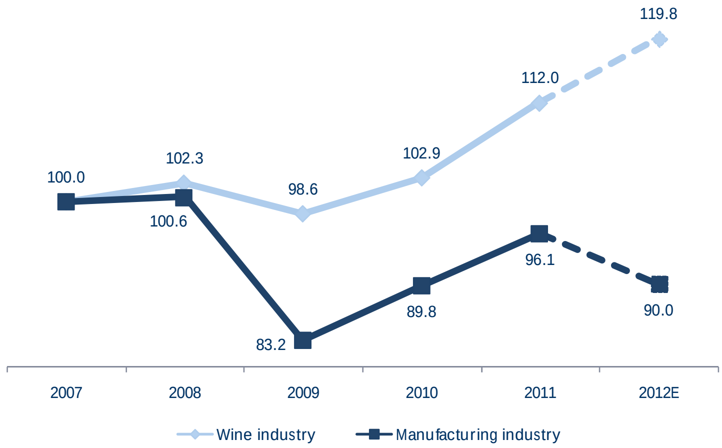


Diagram 2 – Index numbers of sales in the wine sector and manufacturing industry (2007-2012E, 2007=100)



Despite the less dynamic growth by domestic sales, the wine-makers' performance in terms of sales in 2011 was clearly better than that of manufacturing industry as a whole, which has yet to recover its pre-crisis levels (Diagram 2).

The pre-closing 2012 data, despite reflecting basically the same share of firms whose sales have increased as in 2011 (89.1%), do nonetheless show a significant increase in the percentage of year-on-year increases above 10% (up from 36.5% in 2011 to 43.8%). Conversely, the group of companies which saw substantial reductions in turnover (i.e. above 5%) also increased, from 1.7% to 9.3%. The combination of these movements led to a lower overall increase in sales in 2012 (6.9%, compared with 8.9% in 2011). Finally, it is perhaps worth pointing out that the closing data for 2012 was slightly below expectations: the increase in sales was equal to 89.1%, compared with the 93% anticipated in March 2012, while the reductions were 10.9%, compared with the 7% expected.

As for expectations regarding 2013, there is a slight reduction in the number of those expecting to see an increase in sales (from 89.1% in 2012 to 87%), but again with significant differences in the composition: on the one hand, the share of those expecting an increase of more than 10% in their turnover decreases, from 43.8% in 2012 to 14.5%, the lowest figure of all after the 8% recorded in 2009; on the other, expectations of substantial reductions (more than 5%) also fall, from 9.3% to 1.4%, the best reading after the 1.7% reported in 2011 (Table 2). The projections for 2013 seem most optimistic with reference to non-domestic markets only (Table 3). In particular, the possibility of achieving increases in sales of over 10% in 2013 is entered by a percentage of the companies which is twice as high as that of those who expect to see such an increase in total sales (28.4% versus 14.5%), and the fears of a reduction in turnover affect just 6% of the total (compared with 13%); while increases of over 5% in non-domestic sales are considered likely by 64.2% of the companies, falling to 52.2% with reference to sales as a whole.

Table 2 – Classes of change in total sales (2007-2013E)

Class of change	2007	2008	2009	2010	2011	2012E	2013E
	% of companies (values weighted for sales)						
Equal to or higher than 10%	36.0	26.3	8.0	24.3	36.5	43.8	14.5
From 5 to 9.99%	12.1	14.9	10.9	37.6	29.1	20.5	37.7
From 0 to 4.99%	32.1	10.8	20.3	12.6	24.1	24.8	34.8
Total > 0	**80.2**	**52.0**	**39.2**	**74.5**	**89.7**	**89.1**	**87.0**
From -0.01 to -4.99%	15.0	21.6	20.9	14.2	8.6	1.6	11.6
From -5 to -9.99%	3.7	19.8	16.3	3.6	1.2	6.4	1.4
Equal to or less than -10%	1.1	6.6	23.6	7.7	0.5	2.9	-
Total < 0	**19.8**	**48.0**	**60.8**	**25.5**	**10.3**	**10.9**	**13.0**
% change in sales for the 108 companies	7.1	2.3	-3.7	4.4	8.9	6.9	-

Table 3 – Classes of change in exports (2007-2013E)

Class of change	2007	2008	2009	2010	2011	2012E	2013E
	% of companies (values weighted for sales)						
Equal to or higher than 10%	43.6	41.4	16.4	43.6	49.7	47.8	28.4
From 5 to 9.99%	12.4	12.9	13.3	34.7	17.6	16.2	35.8
From 0 to 4.99%	23.9	3.6	11.6	11.1	24.3	21.6	29.8
Total > 0	**79.9**	**57.9**	**41.3**	**89.4**	**91.6**	**85.6**	**94.0**
From -0.01 to -4.99%	12.1	20.9	24.1	2.4	5.7	9.3	4.5
From -5 to -9.99%	0.7	8.9	8.7	1.6	2.0	0.6	1.5
Equal to or less than -10%	7.3	12.3	25.9	6.6	0.7	4.5	-
Total < 0	**20.1**	**42.1**	**58.7**	**10.6**	**8.4**	**14.4**	**6.0**
% change in sales for the 108 companies	8.2	4.8	-3.9	8.9	12.6	9.4	-

The areas to which the wine is exported are divided roughly equally. The closest markets, the EU countries, in 2012 accounted for 50.6% of the non-domestic revenues, up 10.5% on 2011. North America is the second reference area, with 33.2% of the total, up 7.2% on 2011. Africa and the Middle East together account for 10.2%, down 1.4%, while the Asian and Far Eastern markets, despite a hefty, 26.1% increase, are still marginal, representing less than 5% of the total (Table 4).

Table 4 – Export sales by geographical area (2011-2012E)

	EU Countries	Rest Of World	North America	Central and South America	Asia and Australia
% share in 2011	49.7	11.3	33.7	1.3	4.0
% share in 2012E	50.6	10.2	33.2	1.3	4.7
% change in sales (2011/2012E)	*10.5*	*-1.4*	*7.2*	*9.6*	*26.1*

Further positive developments in 2012 regard the growth in employment (up 2.6%) and the resumption of investments, both capex (up 10%, after the 30% reduction in 2011) and in advertising (6.5%), the latter compared with a 14.1% fall in advertising expenditure nationwide.

The three leading wine producers by sales volumes in 2012 were the Cantine Riunite-GIV group (sales of €514m, up 3.2% on 2011), Caviro (€284m, up 14.9%), and the Campari group's wine division (€196m, up 6.1%). These were followed by Fratelli Martini (€162m, up 12.3%) and Mezzacorona (€160m, up 7.9%). The strong growth posted by these last two companies allowed them to overtake Cavit (sixth in 2012 with €153m, up 1% on 2011) and Antinori (seventh with €152m, up 1.7%) respectively. The groups with the highest growth rates in 2012 include: Collis Veneto Wine Group (22.2%), Botter (20.7%), and Cantina di Soave (20.2%). Some companies generate virtually all their sales outside Italy: Botter, for example, generated exports in 2012 that accounted for 96.4% of their total sales, Fratelli Martini 92.1%, Ruffino 91.2%, and Masi Agricola 90.8%. The highest increases in export sales recorded in 2012 were by F.lli Gancia (25.8%, with exports accounting for around 30% of total sales), Caviro (25.5% and 23.1% respectively), Enoitalia (23.5% and 76.7%), Botter (22.1%) and Zonin and Ruffino (both 20.1%, with the former exporting 75.3% of its produce). The best performances in 2012 measured by net profit as a percentage of turnover were reported by Masi Agricola (16%), Santa Margherita (14.6%), Antinori (14%) and Frescobaldi (13.6%) (Table 5).

Table 5 – The top 25 Italian wine-making companies by total sales (2011-2012E)

	Registered office	Total sales 2011 € m	Total sales 2012 € m	Total sales % change 2011-2012	Rank 2011	Rank 2012	Exports 2012 € m	Exports as a % of 2012 sales	Exports % change 2011-2012	Net profit (loss) as a % of 2011 sales	Net profit (loss) as a % of 2012 sales	No. of bottles produced in 2012	Ownership structure
CANTINE RIUNITE & CIV (°)	Campegine (Re)	*498*	514	*3.2*	1	1	*319*	*62.1*	*5.1*	*0.6*	*n.a.*	*205,500,000*	*Co-operative*
of which: GIV - GRUPPO ITALIANO VINI (°)	Bardolino (Vr)	*368*	372	*1.0*			*246*	*66.2*	*2.2*	*0.7*	*n.a.*	*87,000,000*	
of which: CANTINE RIUNITE & CIV (*)	Campegine (Re)	161	178	10.2			73	41.1	15.9	0.6	0.7	118,500,000	
CAVIRO (°)	*Faenza (Ra)*	*247*	*284*	*14.9*	*2*	*2*	*66*	*23.1*	*25.5*	*2.2*	-	*55,266,843* (^)	*Co-operative*
Gruppo CAMPARI (wines division) (§)	*Milan*	*185*	*196*	*6.1*	*3*	*3*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*Family-owned*
CAVIT CANTINA VITICOLTORI (*)	Ravina (Tn)	152	153	1.0	4	6	117	76.3	-0.1	0.9	2.2	n.a.	Co-operative
P. ANTINORI (°)	*Florence*	*150*	*152*	*1.7*	*5*	*7*	*98,5*	*64.8*	*3.1*	*14.7*	*14.0*	*22,400,000*	*Family-owned*
MEZZACORONA (°) (*)	Mezzocorona (Tn)	149	160	7.9	6	5	84	52.4	-13.9	1.1	0.7	47,000,000	Co-operative
FRATELLI MARTINI SECONDO LUIGI	Cossano Belbo (Cn)	144	162	12.3	7	4	149	92.1	10.8	1.4	1.2	n.a.	Family-owned
CASA VINICOLA ZONIN (°)	Gambellara (Vi)	124	140	13.0	8	8	106	75.3	20.1	1.4	2.2	40,000,000	Family-owned
GIORDANO VINI	Diano D'Alba (Cn)	119	109	-8.6	9	10	47	43.4	-2.1	1.0	1.4	n.a.	Mixed
ENOITALIA	S. Martino Buon Albergo (Vr)	96	113	18.1	10	9	87	76.7	23.5	1.1	n.a.	85,656,000	Family-owned
Gruppo SANTA MARGHERITA (°)	Fossalta di Portogruaro (Ve)	91	95	4.4	11	14	57	60.0	7.4	15.4	14.6	16,245,428	Family-owned
CANTINA SOCIALE COOPERATIVA DI SOAVE (°)	Soave (Vr)	89	107	20.2	12	11	52	48.1	19.6	1.1	1.2	30,000,000	Co-operative
SCHENK ITALIA	Ora (Bz)	88	84	-4.6	13	16	59	69.6	-16.9	1.7	0.7	40,500,000	non-Italian-owned
CASA VINICOLA BOTTER CARLO & C.	Fossalta di Piave (Ve)	87	105	20.7	14	12	101	96.4	22.1	4.5	3.3	55,658,000	Family-owned
LA VIS (°) (*) (#)	Lavis (Tn)	85	92	7.8	15	15	57	61.9	15.0	-0.6	-8.9	n.a.	Co-operative
COMPAGNIA DE' FRESCOBALDI (°)	Florence	83	84	0.2	16	17	51	60.7	3.1	15.3	13.6	10,000,000	Family-owned
GRUPPO CEVICO (°) (*)	Lugo (Ra)	83	96	15.2	17	13	18	18.6	6.9	0.8	0.9	65,944,000	Co-operative
COLLIS VENETO WINE GROUP (*)	Monteforte D'Alpone (Vr)	63	76	22.2	18	18	10	12.7	8.3	0.8	1.1	n.a.	Co-operative
CONTRI SPUMANTI	Cazzano Di Tramigna (Vr)	62	72	16.2	19	19	24	34.0	7.3	1.7	n.a.	69,000,000	Family-owned
BANFI (°)	Montalcino (Si)	62	64	3.2	20	25	40	62.5	9.2	0.5	1.7	12,000,000	non-Italian-owned
MASI AGRICOLA (°)	S. Ambrogio Di Valpolicella (Vr)	62	65	5.4	21	21	59	90.8	6.0	15.1	16.0	12,900,000	Family-owned
F.LLI GANCIA & C. (*)	Canelli (At)	61	64	6.0	22	23	19	29.7	25.8	-10.7	-10.4	43,268,000	Mixed
CASA VINICOLA CALDIROLA	Missaglia (Lc)	60	64	7.1	23	24	18	28.0	-0.2	0.1	n.a.	21,615,343	Family-owned
MGM MONDO DEL VINO	Forlì	57	66	15.2	24	20	43	65.1	18.1	1.1	0.4	33,976,930	Mixed
RUFFINO (°)	Pontassieve (Fi)	57	65	14.2	25	22	59	91.2	20.1	-24.6	n.a.	13,650,000	non-Italian-owned

(°) 2012 consolidated financial data.

(*) The financial year ends on 31 July for Cantine Riunite & Civ., on 31 May for Gruppo Cevico, Collis Veneto Wine Group and Cavit, on 31 August for Mezzacorona, on 30 June for Cantina Sociale Cooperativa di Soave and La Vis, on 31 March for F.lli Gancia & C.

(^) Excluding wine sold in cartons, boxes and barrels.

(§) Only part of the wine division's data are included in the aggregate. The Group produces and sells «Riccadonna», «Cinzano» (vermouth and spumanti) as well as spumanti under the «Mondoro» and «Odessa» brand names. The Group also produces and sells «Sella & Mosca», «Enrico Serafino», «Teruzzi & Puthod», «Château Lamargue» and «Liebfraumilch» branded products.

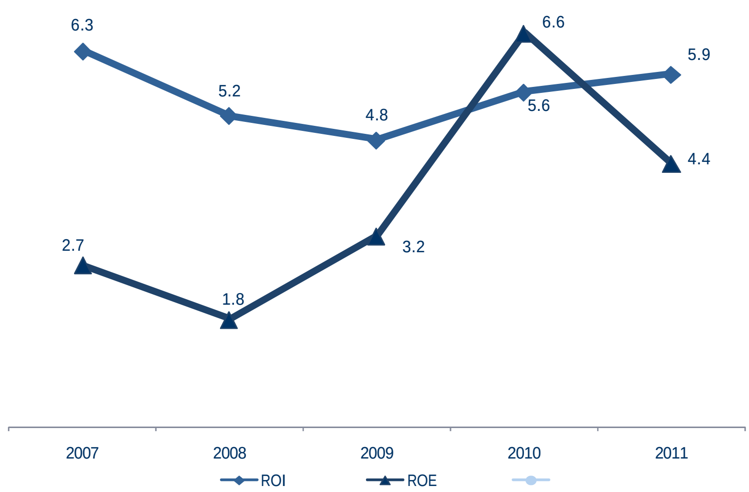
(#) Reorganization of the Group controlled by the provincial government authority from 1 September 2010 to 11 September 2012.

Source : financial statements and individual companies.

I.3 - Margins and financial structure (2007-2011)

Compared with the healthy commercial performance just illustrated, the aggregate of 108 wine-making companies closed 2011 with earnings that were basically stable versus 2010 and in line with pre-crisis levels (see Table a1 ff. in the annex). The ROI increased from 5.6% in 2010 to 5.9%, not far off the 6.3% level recorded in 2007; while the ROE fell to 4.4% from 6.6%, but the latter performance reflects the contribution of substantial non-recurring gains (equal to 24% of the current profit); and the ROE for 2011 is still higher than that for the 2007-2009 period (in a range from 1.8% to 3.2%). Taken overall, operating profitability appears to have recovered between 2010 and 2011, having fallen back between 2007 and 2009 (Diagram 3). The percentage of loss-making companies is unchanged, at 13%.

Diagram 3 – The margins of wine-making companies (2007-2011)



The financial structure appears to be solid overall, with financial debt equal to 88.1% of net equity and improving over the five years under review, the ratio having reached 104.7% in 2008. Interest expense has benefited from this, helped, among other things, by the reduced cost of borrowing (which fell from 5.7% in 2008 to 3.4% in 2011), with interest charges declining from 2.5% of turnover in 2008 to 1.2% in 2011. Interest income also reduced its contribution, declining from 2.8% to 1.4% of value added, but margins held up well (EBIT as a percentage of value added), as did value added itself (up from 18% of capital invested to 19.6%), with these performances boosting the ROI, as we have seen. The developments in terms of the labour force were also positive, with headcounts rising by 1.9% versus 2007 and by 1.2% in 2011 (a trend which, as we have said, continued in 2012). Despite the increase in the work force, the productivity of labour also increased in 2011, by 3.5%, outstripping the 3% increase in the per capita cost of labour. Labour productivity grew by 8.9% over the five years, while the cost of labour grew by 14.7%, leading to a deterioration in the per capita cost of labour from 48.8% in 2007 to 51.4% in 2011. There was also a substantial, 30.1% reduction in investments in 2011, which stood at just 74% of their 2007 levels and represented barely 3.8% of the turnover (the lowest level recorded during the five years).

I.4 – Ownership structure

Family control accounts for 53.9% of the total net equity for the aggregate (Tables 6 and 7). This share is divided between control exercised directly by individuals (21.7%) and by companies (32.2%). If the co-operatives too are included within this ownership category, given that they bring together some 26,000 shareholders, the total would rise by a further 20.6% to bring family ownership of the total net equity aggregate up to 74.5%. The other 25.5% of the net equity is divided between financial investors (and other residual types) as to 16.6% and as to 8.9% to non-Italian companies. Families strictly defined control equity worth €1.58bn (€637m owned by individuals and €942m by companies), while the co-operatives control net

equity of some €602m. International investors own a portfolio with a book value of €260m. The leading financial investors break down as follows: banks and insurances €365m, funds €53m, foundations and trusts €29m and €31m respectively, and fiduciary companies €9m.
A breakdown by classes of capital invested shows the following:

- the share of the net equity controlled by individuals (including the co-operatives) decreases the larger the company becomes, ranging from 70.2% of the class of firms with the highest capital invested to 91.8% of the smallest class;
- in the largest category, families own shares of the companies with a book value (based on the net equity reported in the 2011 accounts) of some €1.1bn, roughly €18.6m per shareholder; the family-owned portfolio in the second category is worth €255m in the second category (roughly €3.5m per shareholder) and €141m and €84m respectively in the third and fourth categories (€3.7m and €2.6m per shareholder respectively);
- the financial investors are concentrated in the two largest size categories: in the largest they control some 21% of the net equity (worth approx. €447m), and less than 8% in the second (€31m), after which they do not figure in the ownership structure; banks and insurances hold the largest portfolios (€365m);
- the international portfolio is substantial in the first class (€188m) and third classes (€51m), where the concentration of non-Italian ownership is substantial (approx. 19% of net equity).

Table 6 – Ownership structures and net equity owned by shareholders (% values, 2011)

Classes of capital					Family-owned										
	No. of companies	*of which:* Co-operatives	*No. of shareholders*	*of which:* Co-operatives	Companies	Individuals	Co-operatives	Total individuals	Non-italian	Fiduciary companies	Banks and insurances	Funds	Foundations	Trusts	
								as a % of net equity							
1st	32	*8*	6,901	*6,811*	*37.4*	*14.0*	*18.8*	70.2	8.8	-	15.7	2.5	1.3	1.5	100.0
2nd	27	*7*	10,314	*10,223*	*14.7*	*47.6*	*26.6*	88.9	3.5	-	7.6	-	-	-	100.0
3rd	28	*9*	7,351	*6,617*	*24.3*	*27.9*	*26.7*	78.9	18.9	2.2	-	-	-	-	100.0
4th	21	*6*	2,492	*2,452*	*15.0*	*59.7*	*17.1*	91.8	5.2	3.0	-	-	-	-	100.0
	108	***30***	**27,058**	***26,103***	***32.2***	***21.7***	***20.6***	**74.5**	**8.9**	**0.3**	**12.5**	**1.8**	**1.0**	**1.0**	**100.0**
Net equity (€m)					*941.8*	*637.0*	*602.3*	2,181.1	259.6	9.4	365.1	52.7	28.5	31.3	2,927.7

Classes of capital invested: 1st equal to or higher than €50m, 2nd from €25m to €49.9m, 3rd from €15m to €24.9m, 4th less than €15m.

Table 7 – Ownership structures and net equity owned by shareholders (absolute values, 2011)

Classes of capital					Family-owned										
	No. of companies	*of which:* Co-operatives	*No. of shareholders*	*of which:* Co-operatives	Companies	Individuals	Co-operatives	Total individuals	Non-italian	Fiduciary companies	Banks and insurances	Funds	Foundations	Trusts	
								as a % of net equity							
1st	32	*8*	6,901	*6,811*	*799*	*300*	*402*	1,501	188	-	334	53	29	31	2,136
2nd	27	*7*	10,314	*10,223*	*60*	*195*	*109*	364	14	-	31	-	-	-	409
3rd	28	*9*	7,351	*6,617*	*66*	*75*	*72*	213	51	6	-	-	-	-	270
4th	21	*6*	2,492	*2,452*	*17*	*67*	*19*	103	7	3	-	-	-	-	113
	108	***30***	**27,058**	***26,103***	***942***	***637***	***602***	**2,181**	**260**	**9**	**365**	**53**	**29**	**31**	**2,928**

Classes of capital invested: 1st equal to or higher than €50m, 2nd from €25m to €49.9m, 3rd from €15m to €24.9m, 4th less than €15m.

Relations with the financial markets are negligible; just four of the companies considered here are involved in the stock market but indirectly, through the listed status of their parent companies which in one case (Davide Campari) acts as industrial partner and in the others as financial investors (insurance groups Allianz, Generali and Unipol/Fondiaria-SAI).

I.5 – Analysis by type of company

The breakdown by type of company shows certain differences in terms of earnings and financial structure between the co-operatives and the other Italian companies (Table 8), including in view of the fact that from a production perspective, they lack many of the upstream production phases represented in the *filière*, because the shareholders produce the grapes and wine which they then transfer to the co-operative for processing and sale (a symptom of this is the fact that in limited companies the capital invested per staff member is 25% higher than that for the co-operatives). Given that the net equity chiefly consists of the fixed assets (land and property), which are typical of the upstream phases of the wine-making *filière*, the co-operatives emerge as being relatively under-capitalized, with debt representing 178% of net equity, compared with 64% for the other companies. This greater recourse to debt is also due to other factors: the possibility of accessing relatively less expensive forms of financing which are specific to their legal status, such as shareholders' loans (the cost of borrowing for the co-operatives is 2.7%, compared with 3.8% for the non-co-operatives), and the fact that the co-operatives' capital varies on the basis only of new additions (or withdrawals) but not capital increases, which would be difficult to realize given the fragmented nature of the ownership base, split as it is between many different shareholders. As for earnings, these are affected by the fact that the shareholders' return is paid implicitly, through the prices at which they transfer the grapes and the products; it should also be noted that the co-operatives operate in different production segments, mostly geared towards the mass market and relatively immature (working capital 25% of sales, as opposed to 39.4% for the non-co-operatives), where the margins are impacted by the close dependence on large-scale distribution out of the various distribution channels. The co-operatives' ROI is less than half that of the non-co-operatives (3.4%, compared with 7.5%) and the ratio is similar also for ROE (3.8%, compared with 6.3%). The difference in terms of footprint on international markets, by contrast, is not so marked (exports 44.5%, as against 51%).

Table 8 – Earnings and financial structure by type of company (2011)

	Italian-owned companies °		All companies °
	Joint stock and limited liability	Co-operatives	
EBIT as a % of value added (a)	37.0	15.4	28.7
Interest income as a % of value added (b)	1.4	1.6	1.4
Value added as a % of capital invested (c)	19.4	20.2	19.6
ROI % [d=(a+b)•(c/100)]	7.5	3.4	5.9
ROE %	6.3	3.8	4.4
Borrowings as a % of capital invested	39.0	64.0	46.8
Non-domestic sales %	51.0	44.5	49.1

° Excluding the effects of voluntary revaluations.
EBIT = Earnings before Interest; ROI = Return On Investment (EBIT + interest income as a % of capital invested); ROE = Return On Equity (net profit/net equity, excluding profit for the period).

Tables a5 ff. in the Annex show a segmentation of the aggregated data, separating out the 72 Italian-owned limited companies from the 30 co-operatives for the 2007-11 five-year period.

As for the more recent data, the co-operatives show an increase in sales in 2012 of 8.3% (exports up 4.6%); outperforming the limited companies which saw their total revenues increase by 5.8% in 2012, despite strong growth of 12.7% in the non-domestic component.

As for end-markets, the co-operatives are less dependent on those markets closest to them geographically (i.e. the EU), where they generate 46.5% of their non-domestic sales, as opposed to 53.1% for the non co-operatives. This geographical area indeed reflected differing trends in 2012: the co-operatives retreated slightly, with sales declining by 0.5%, in contrast to the strong growth reported by the other groups of companies (17.4%). The weight of North America is also very significant, which for the co-operatives is as important as Europe is (44.3%), and indeed grew by 4.1%, albeit by less so than it did for the non-co-operatives (10.5%), for which this area's share of sales rose to 26.5%. The co-operatives' footprint in the other geographical areas is still marginal, in particular in Africa and the Middle East, where just 3.5% of their non-domestic sales are generated, as opposed to 14.4% for the other types of company (Table 9). Again in 2012, the co-operatives show a slight, 0.4% upturn in employment, and modest growth in investments (4.7%), while the non-co-operatives look to be more aggressive in terms of both employment (3.9%) and investment (14.5%).

Expectations for the current year are basically in line (87% of the companies in both groups expect to see their sales increase, or at least not decrease), with the more optimistic ones (i.e. those which see an increase of over 10%) twice as high among the co-operatives as the others at 21.7% (10.9%). As for exports, both groups are more optimistic, with 94% expecting their non-domestic sales to increase, but in this case the most optimistic share shows greater representation for the limited companies (32.6%) than it does for the co-operatives (19%) (Table 10).

Table 9 – Exports by end-markets (2011-2012P)

	EU Countries	Rest Of World	North America	Central and South America	Asia and Australia
Joint stock and limited liability companies					
% share in 2011	50.8	16.4	26.9	1.2	4.7
% share in 2012E	53.1	14.4	26.5	0.9	5.1
% change in sales (2011/2012E)	*17.4*	*-1.3*	*10.5*	*-8.4*	*23.4*
Co-operative					
% share in 2011	48.1	3.6	43.8	1.4	3.1
% share in 2012E	46.5	3.5	44.3	1.8	3.9
% change in sales (2011/2012E)	*-0.5*	*-2.1*	*4.1*	*32.3*	*32.4*

Table 10 – Categories of changes in total sales (2013E)

	Equal to or higher than +10%	From +9.99% to +5%	From +4.99% to 0	From -0.01% to -4.99%	From -5% to -9.99%	Equal to or less than -10%
Joint stock and limited liability companies						
Total sales %	10.9	43.5	32.6	10.8	2.2	-
Exports %	32.6	32.6	28.3	4.3	2.2	-
Co-operative						
Total sales %	21.7	26.1	39.1	13.1	-	-
Exports %	19.0	42.9	33.3	4.8	-	-

I.6 – Analysis by type of product

Comparison between the aggregate of *spumanti*[5] producers and that of the other wine-makers also shows up some significant differences (Table 11).

The return on capital invested is higher for the *spumanti* producers (ROI 6.9%, compared with 5.8%) due to their higher margins (EBIT 31% of value added, compared with 28.4% for the others) and their superior turnover rate of capital invested (21.7%, versus 19.2%). The *spumanti* makers also borrow less, showing a debt/equity ratio which is more than ten points below that of the other producers (79.2% versus 89.6%), and are therefore more highly capitalized (borrowings represent 44.2% of the capital invested, against 47.3% for the other companies). Conversely, they also have a reduced international dimension, with only 38.6% of sales destined for export, compared with 51.4% for the other producers. The per capita value added by *spumanti* manufacturers in 2011 was approx. €99,000, 17.3% higher than that for the other companies (€84,000), compared with a per capita labour cost (€49,000) which was 13.3% higher.

Table 11 – Earnings and financial structure by product type (2011)

	Wine-makers °	*of which:* spumanti *manufacturers* °	*of which:* wine-makers (excluding spumanti *manufacturers)*°
EBIT as a % of value added (a)	28.7	31.0	28.4
Interest income as a % of value added (b)	1.4	0.7	1.6
Value added as a % of capital invested (c)	19.6	21.7	19.2
ROI % [d=(a+b)•(c/100)]	5.9	6.9	5.8
ROE %	4.4	4.7	4.4
Borrowings as a % of capital invested	46.8	44.2	47.3
Non-domestic sales %	49.1	38.6	51.4

° Excluding the effects of voluntary revaluations.
EBIT = Earnings before Interest; ROI = Return On Investment (EBIT + interest income as a % of capital invested); ROE = Return On Equity (net profit/net equity, excluding profit for the period).

Tables a13 ff. of the Annex show a segmentation of the aggregated data, stripping out the 25 *spumanti* producers from the 83 companies which make other types of wine.

[5] Italian *spumanti* cover considerable variation in terms of both labels and provenance (Asti, Prosecco, “Trento doc”, Franciacorta, etc.), which differ also in terms of production methods (e.g. “Charmat” method used for Prosecco and Asti, traditional method used for “Trento doc” and Franciacorta). By contrast, champagne is a standard product in terms of both provenance (the vineyards which are allowed to use the designation “champagne” cover some 34,000 hectares, i.e. just 3.5% of all French vineyards) and production methods (traditional or *champenoise*).

Table 12 – Exports by end-market (2011-2012P)

	EU Countries	Rest Of World	North America	Central and South America	Asia and Australia
Spumanti					
% share in 2011	67.2	10.5	15.9	1.3	5.1
% share in 2012E	64.5	10.8	18.2	1.0	5.5
% change in sales (2011/2012E)	*5.6*	*12.1*	*26.5*	*-13.5*	*18.7*
Wine (excl. *spumanti*)					
% share in 2011	47.6	11.4	35.8	1.3	3.9
% share in 2012E	48.9	10.2	35.0	1.3	4.6
% change in sales (2011/2012E)	*11.3*	*-2.9*	*6.2*	*12.5*	*27.2*

Table 13 – Categories of changes in total sales (2013E)

	Equal to or higher than +10%	From +9.99% to +5%	From +4.99% to 0	From -0.01% to -4.99%	From -5% to -9.99%	Equal to or less than -10%
Spumanti						
Total sales %	5.6	33.3	33.3	27.8	-	-
Exports %	22.2	33.3	33.3	11.2	-	-
Wine (excl. *spumanti*)						
Total sales %	17.6	39.2	35.3	5.9	2.0	-
Exports %	30.6	36.7	28.6	2.1	2.0	-

2012 was a relatively less successful for *spumanti* wines, with producers declaring unexceptional growth of 3.4% in sales, despite the contribution from exports (up 11.6%); while the results anticipated by the other wine-makers were better, showing an increase of 7.7%, with exports again well to the fore (up 9.2%). The data for 2012 sales were consistent with investments and employment, both of which were either stagnant or declining for *spumanti* (up 0.6% and down 1.8% respectively), more positive for the other wine-makers (up 11.9% and 3.2% respectively).

The reduced international dimension of the *spumanti* producers' operations goes hand-in-hand with the greater concentration on the nearer geographical markets (the EU accounted for 64.5% of the total in 2012), which have lower growth rates than those posted by the other wine manufacturers (for which the EU market accounted for 48.9% of total sales, at a growth rate in 2012 of 11.3%).

2013 too looks like it will be less satisfactory for the *spumanti* manufacturers, with almost 30% of the companies expecting to see a decline in sales, as compared with 8% for the other manufacturers.

I.7 – Comparison between the wine sector and the food and drink/beverage industries

In 2011 the performance by wine-makers was less satisfactory than those posted by the companies operating in both the beverages sector and the food and drink industry as a whole (Table 14).

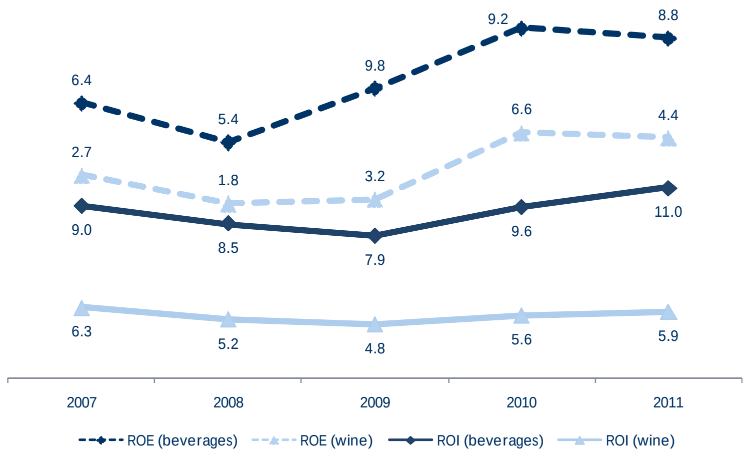
Table 14 – Earnings and financial structure (2011)

	Wine-makers°	Leading drinks companies°	Leading food companies°	Leading Italian industrial companies°
EBIT as a % of value added (a)	28.7	38.1	29.3	17.9
Interest income as a % of value added (b)	1.4	12.0	7.3	13.2
Value added as a % of capital invested (c)	19.6	21.9	25.3	24.6
ROI % [d=(a+b)•(c/100)]	5.9	11.0	9.3	7.6
ROE %	4.4	8.8	8.1	3.5
Borrowings as a % of capital invested	46.8	42.2	43.4	44.2
Non-domestic sales %	49.1	31.5	19.0	43.9

° Excluding the effects of voluntary revaluations.

EBIT = Earnings before Interest; ROI = Return On Investment (EBIT + interest income as a % of capital invested); ROE = Return On Equity (net profit/net equity, excluding profit for the period). The indicators for the main companies have been compiled from data taken from the Mediobanca Research Department publication Financial Aggregates for 2032 Italian Companies (2012 edition).

Diagram 4 – Earnings for wine and beverages (2007-2011)



In terms of industrial margins the gap is more pronounced versus the beverage sector (EBIT 28.7% of value added, compared with 38.1%), less so compared to the food and drinks industry generally (29.3%), even though the wine sector still outperformed manufacturing industry generally (17.9% in 2011). The difference in margins, along with the lower contribution from financial income, justifies the gap in terms of ROI which for the wine segment is far below that for the beverage sector (5.9%, as against 11%), the food and drinks industry (9.3%) and even manufacturing industry as a whole (7.6%). There is also a clear gap in terms of ROE, where the beverage sector (8.8%) and food and drinks industry (8.1%) reflect levels double those of the wine-makers (4.4%). Diagram 4 confirms that the ROI and ROE profiles of the beverages sector have been consistently better than those of the wine-making industry since 2007.

I.8 – Geographical issues

The 108 companies covered by this survey show a concentration in certain regions of the Italian peninsula. Despite the issue of multi-regional ownership, it is possible to compile sub-aggregates for which we can calculate meaningful earnings and financial indicators.

Table 15 shows the 2011 data for the most represented regions, which are undoubtedly those with the most established and extensive traditions and heritage in wine-making.[6] In some of them, the earnings performance was more impressive than the national average: this was the case, for example, with Tuscany, where the firms delivered very high industrial margins (EBIT equal to 43% of value added), which enabled a very respectable return on investment (ROI 8.2%, higher than the 5.9% general aggregate), despite a relatively low turnover ratio (18.7%) due to the strong integration of the companies along the entire *filière* (harvesting/wine-making/ageing). Despite the latter, the financial structure appears sound, with borrowings accounting for 29.1% of the capital invested (compared with 46.8% for the aggregate). The Tuscan firms also reflect a strong international dimension to their operations, with exports at 65.3%, higher than the average figure of 49.1%. The ratio between cost of labour and value added is also particularly impressive (38.2%). However, the best regional performance in terms of ROI was delivered by companies located in the Veneto (8.7%), which were helped by an exceptionally high turnover rate of capital invested (26.8%). Tuscany, Trentino and the Veneto also occupy the top positions in terms of ROE, with 4.8%, 5.6% and 10.5% respectively. The companies based in the Marche region recorded an aggregate net loss (with high debt levels, equal to 87.5% of the capital invested, and and a poor competitive profile as shown by the worst labour cost/value added ratio in the survey, along with Emilia-Romagna), as did those located in Sicily (the region with the highest labour costs after the Veneto). The performances posted by the companies in Emilia-Romagna were also unimpressive, as the co-operative model is predominant in this region, which, as we have said, leads to higher debt levels (56.8% of the capital invested, 64% for the co-operatives) and lower industrial margins (EBIT equal to 16.5% of value added, 15.4% for the co-operatives). The Piedmont-based companies did not excel either, with low margins (EBIT equal to 24.9% of value added) and a low return on equity (ROE 0.9%).

Table 15 – Earnings and financial structure by region (2011)

	EBIT as a % of net sales	Net sales as a % of capital invested	ROI	Total borrowings as a % of capital invested	ROE	Total borrowings / EBIT	Exports as a % of net sales	Per capita value added	Per capita cost of labour	Cost of labour as a % of value added
	%	%	%	%	%	(times)	%	000 €	000 €	%
Emilia-Romagna	16.5	20.9	4.1	56.8	4.8	16.5	32.1	72.9	43.5	59.7
Lombardy	30.5	14.9	4.7	41.5	3.7	9.2	n.c.	94.1	46.6	49.6
Marche	-24.4	16.3	-3.5	87.5	-39.7	-22.0	29.4	35.4	33.9	95.9
Pidmont	24.9	21.5	5.4	60.5	0.9	11.3	58.2	83.0	48.0	57.8
Sicily	4.6	15.4	0.9	44.5	-1.8	63.1	25.3	85.8	52.7	61.4
Tuscany	43.0	18.7	8.2	29.1	4.8	3.6	65.3	89.0	34.0	38.2
Trentino-AA	25.6	16.5	4.4	56.2	5.6	13.3	61.1	96.3	46.2	48.0
Veneto	30.3	26.8	8.7	55.3	10.5	6.8	56.1	96.0	53.0	55.2
Total	**28.7**	**19.6**	**5.9**	**46.8**	**4.4**	**8.3**	**49.1**	**86.2**	**44.4**	**51.4**

I.9 – Supply and commercial structure

Several aspects of operations in the wine industry have been analysed in greater depth through interviews carried out with the companies covered in the survey. The results, which refer to answers received from firms representing 82% of the aggregate, are as follows:

- number of labels (Table 16): between 1996 and 2013 nearly 3,500 labels were added, an increase of 110.3%, and the average number of labels per firm was just over 110; 10.3% of these were labels for ordinary wines (compared with 13.6% in 1996), while the most significant change was in respect of quality wines (i.e. fine wines, DOCG and DOC), whose share increased from 45.6% in 1996 to 52.3% in 2013. These changes bear out the trend of prioritizing qualitative growth against a market strongly

[6] The selection was made on the basis of regions with at least four companies included in the survey.

influenced by large-scale distribution. This phenomenon is particularly marked among the co-operatives, which increased their higher-quality production (fine wines, DOCG and DOC) from 41.1% in 1996 to 52.4% in 2013, bringing them more in line with the other limited companies, whose highest-quality labels fell slightly during the same period from 54.2% to 50.7% of the total.

Table 16 – Labels

	2013	1996
	as %	*as %*
	Total	
Fine wines*	5.0	2.9
DOCG wines	10.7	6.5
DOC wines	36.6	36.3
IGT wines	37.4	40.7
Common wines	10.3	13.6
Total labels	**100.0**	**100.0**
	Joint stock and limited liability companies	
Fine wines*	8.3	5.8
DOCG wines	10.6	8.0
DOC wines	31.8	40.3
IGT wines	36.6	33.5
Common wines	12.7	12.4
Total labels	**100.0**	**100.0**
	Co-operatives	
Fine wines*	2.7	0.9
DOCG wines	9.8	5.2
DOC wines	39.8	35.0
IGT wines	39.2	45.1
Common wines	8.5	13.8
Total labels	**100.0**	**100.0**

* Average retail price (to public) above €25 per bottle.

N.B.: Data for sample of companies representing 67% of aggregate sales.

- sales channels (Table 17): in 2012 large-scale distribution accounted for 45.1% of the domestic sales of the leading wine-makers; this figure represents an average between 56.7% of the co-operatives and 42.1% for the other companies. For a limited sample of like-for-like companies, large-scale distribution increased its share of the total from 35% in 2002 to 47% in 2012. The second most important channel (with a share of 18.7%) is the hotels/restaurants/catering aggregate, this too the result of different percentages for the co-operatives and the other companies, in this case 10.5% and 21.8% respectively; wine-cellars and wine-bars represent 8.4% (4.6% for the co-operatives), while direct sales account for just over 6%, virtually unchanged from last year; as far as fine wines are concerned, the highest percentage is accounted for by the hotels/restaurants/catering channel (39.8%), followed by wine-cellars and wine bars with 22%; direct sales here rise to 11.8%, with large-scale distribution having a share of 8%. With reference to exports, sales via importing agencies are the most significant (over eight-tenths of the total), with use of proprietary networks still limited to just 6.9%; figures which are also valid for the *spumanti* manufacturers, with 48% of this category's sales occurring through large-scale distribution, 23.5% through wholesalers/intermediaries and 15.7% through the hotels/restaurants/catering channel.

Table 17 – Sales channels (2012)

	Total sales			*of which:* fine wines*		
	Total	Joint stock and limited liability companies	Co-operatives	Total	Joint stock and limited liability companies	Co-operatives
	as %			*as %*		
Italy						
Direct sale	6.3	6.7	5.8	11.8	8.8	11.8
Large-scale distribution	45.1	42.1	56.7	8.0	7.5	9.4
Hotels/restaurants/catering	18.7	21.8	10.5	39.8	37.8	49.2
Wine-cellars and wine-bars	8.4	9.9	4.6	22.0	22.2	24.8
Wholesalers/intermediaries	17.1	17.3	16.8	15.4	21.1	3.8
Other channels	4.4	2.2	5.6	3.0	2.6	1.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Outside Italy						
Own network	6.9	5.9	10.3	3.5	2.8	7.7
Importer intermediary	85.8	86.6	81.7	86.2	90.4	65.9
Other channels	7.3	7.5	8.0	10.3	6.8	26.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

*Average retail price (to public) above €25 per bottle.

N.B.: Data for sample of companies representing 75% of aggregate sales.

Annex

Table a1 – Aggregate balance sheets of 108 companies

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net tangible fixed assets	2,065,619	2,496,812	2,628,332	2,700,667	2,685,738	*-0.6*	*30.0*
Other fixed assets	705,086	687,103	727,317	726,759	754,335	*3.8*	*7.0*
Financial assets	280,613	252,131	286,128	333,761	379,358	*13.7*	*35.2*
Working capital	1,509,536	1,633,606	1,552,753	1,586,662	1,613,590	*1.7*	*6.9*
Staff and other provisions	-184,060	-223,240	-228,451	-232,131	-244,236	*5.2*	*32.7*
Capital invested	**4,376,794**	**4,846,412**	**4,966,079**	**5,115,718**	**5,188,785**	***1.4***	***18.6***
Net equity	2,219,152	2,511,511	2,751,030	2,864,505	2,927,727	*2.2*	*31.9*
Total borrowings	2,157,642	2,334,901	2,215,049	2,251,213	2,261,058	*0.4*	*4.8*
Total	**4,376,794**	**4,846,412**	**4,966,079**	**5,115,718**	**5,188,785**	***1.4***	***18.6***

Source : compiled by Mediobanca Research Department.

Tab. a2 – Aggregate profit and loss accounts of 108 companies

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net sales	4,393,470	4,494,980	4,330,206	4,520,956	4,922,801	*8.9*	*12.0*
Consumables	3,541,747	3,671,882	3,496,552	3,618,157	3,977,874	*9.9*	*12.3*
Value added	**851,723**	**823,098**	**833,654**	**902,799**	**944,927**	***4.7***	***10.9***
Cost of labour	415,777	435,914	448,536	466,671	486,053	*4.2*	*16.9*
EBITDA	**435,946**	**387,184**	**385,118**	**436,128**	**458,874**	***5.2***	***5.3***
Ordinary depreciation and amortization	184,249	189,917	194,338	196,026	204,866	*4.5*	*11.2*
EBIT	**251,697**	**197,267**	**190,780**	**240,102**	**254,008**	***5.8***	***0.9***
Interest expense	108,001	131,988	93,652	70,211	77,379	*10.2*	*-28.4*
Interest income	16,161	21,749	14,712	8,637	16,668	*93.0*	*3.1*
Profit before tax	**159,857**	**87,028**	**111,840**	**178,528**	**193,297**	***8.3***	***20.9***
Balance of other costs and income	-31,238	-888	6,644	32,846	-16,978	*-151.7*	*-45.6*
Taxation	-70,868	-52,456	-54,425	-68,991	-77,249	*12.0*	*9.0*
Net profit (loss) incl. minorities	**57,751**	**33,684**	**64,059**	**142,383**	**99,070**	***-30.4***	***71.5***
Non-domestic sales	1.956.733	2.050.054	1.970.105	2.146.097	2.415.729	*12.6*	*23.5*
as a % of total sales	*44.5*	*45.6*	*45.5*	*47.5*	*49.1*	*3.4*	*10.2*
No. of staff	10,752	10,931	10,863	10,831	10,956	*1.2*	*1.9*
Capital expenditure	254,468	291,340	214,769	268,754	187,964	*-30.1*	*-26.1*
<u>Per capita values (€'000)</u>							
Net sales	408.6	411.2	398.6	417.4	449.3	*7.6*	*10.0*
Value added	79.2	75.3	76.7	83.4	86.2	*3.5*	*8.9*
Cost of labour	38.7	39.9	41.3	43.1	44.4	*3.0*	*14.7*
Capital invested*	407.1	417.5	423.9	439.0	440.6	*0.4*	*8.2*

* Effects of voluntary revaluations excluded.

Source : compiled by Mediobanca Research Department.

Tab. a3 – Profit and loss account structure of 108 companies (as a % of sales)§

	2007	2008	2009	2010	2011
Value added	19.4	18.3	19.3	20.0	19.2
Cost of labour	9.5	9.7	10.4	10.3	9.9
EBITDA	**9.9**	**8.6**	**8.9**	**9.6**	**9.3**
Ordinary depreciation and amortization	4.2	3.9	4.1	4.0	3.8
EBIT	**5.7**	**4.7**	**4.8**	**5.7**	**5.5**
Interest expense and income	-2.1	-2.5	-1.8	-1.4	-1.2
Current profit (loss)	**3.6**	**2.3**	**3.0**	**4.3**	**4.3**

§ Excluding the effects of voluntary revaluations.

Source : compiled by Mediobanca Research Department.

Tab. a4 – Financial indicators for 108 companies §

	2007	2008	2009	2010	2011
EBIT as a % of value added	29.6	25.8	25.0	28.5	28.7
Interest income as a % of value added*	2.6	2.8	1.6	1.1	1.4
Value added as a % of net equity	19.5	18.0	18.1	19.0	19.6
ROI %	**6.3**	**5.2**	**4.8**	**5.6**	**5.9**
Total borrowings as a % of net equity	49.3	51.2	48.1	47.3	46.8
Cost of borrowing % °	5.0	5.7	4.2	3.1	3.4
Extraordinary items as a % of current profit (loss)	-19.5	-0.9	5.1	16.8	-8.1
Average tax rate as a % of pre-tax profit^	40.8	34.2	31.9	32.2	34.4
ROE %	**2.7**	**1.8**	**3.2**	**6.6**	**4.4**
% change in sales	7.1	2.3	-3.7	4.4	8.9
% change in no. of staff	1.8	1.7	-0.6	-0.3	1.2
Capital expenditure as a % of sales	5.8	6.5	5.0	5.9	3.8
Working capital/sales	34.4	37.7	37.3	36.5	34.0
Total borrowings/net equity	97.2	104.7	92.7	89.9	88.1

ROI = return on investment = (EBIT + interest income)/capital invested
ROE = return on equity = net profit/net equity
§ Excluding the effects of voluntary revaluations.
* Excluding gains on exchange rates.
° Excluding losses on exchange rates.
^ Excluding loss-making companies.

Source : compiled by Mediobanca Research Department.

Tab. a5 – Aggregate balance-sheets of 72 Italian non-co-operative companies

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net tangible fixed assets	1,187,486	1,555,482	1,587,938	1,625,099	1,633,758	*0.5*	*37.6*
Other fixed assets	503,556	498,418	543,438	542,148	567,722	*4.7*	*12.7*
Financial assets	141,314	128,415	157,910	197,170	233,148	*18.2*	*65.0*
Working capital	933,436	948,735	903,198	971,602	1,000,457	*3.0*	*7.2*
Staff and other provisions	-114,641	-151,670	-153,288	-156,691	-155,597	*-0.7*	*35.7*
Capital invested	**2,651,151**	**2,979,380**	**3,039,196**	**3,179,328**	**3,279,488**	***3.2***	***23.7***
Net equity	1,481,487	1,778,717	1,927,854	2,047,329	2,109,151	*3.0*	*42.4*
Total borrowings	1,169,664	1,200,663	1,111,342	1,131,999	1,170,337	*3.4*	*0.1*
Total	**2,651,151**	**2,979,380**	**3,039,196**	**3,179,328**	**3,279,488**	***3.2***	***23.7***

Source : compiled by Mediobanca Research Department.

Tab. a6 – Aggregate profit and loss accounts of 72 Italian non-co-operative companies

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net sales	2,279,258	2,362,159	2,296,470	2,451,136	2,670,408	*8.9*	*17.2*
Consumables	1,757,934	1,884,770	1,784,336	1,881,292	2,087,242	*10.9*	*18.7*
Value added	**521,324**	**477,389**	**512,134**	**569,844**	**583,166**	***2.3***	***11.9***
Cost of labour	219,629	234,090	239,829	253,256	267,080	*5.5*	*21.6*
EBITDA	**301,695**	**243,299**	**272,305**	**316,588**	**316,086**	***-0.2***	***4.8***
Ordinary depreciation and amortization	101,248	104,794	109,163	112,022	114,062	*1.8*	*12.7*
EBIT	**200,447**	**138,505**	**163,142**	**204,566**	**202,024**	***-1.2***	***0.8***
Interest expense	62,694	75,325	49,718	40,044	44,459	*11.0*	*-29.1*
Interest income	6,729	11,016	6,000	5,339	9,491	*77.8*	*41.0*
Profit before tax	**144,482**	**74,196**	**119,424**	**169,861**	**167,056**	***-1.7***	***15.6***
Balance of other costs and income	-32,210	-3,626	-3,678	27,146	-3,508	*-112.9*	*-89.1*
Taxation	-60,463	-44,234	-47,129	-56,983	-63,858	*12.1*	*5.6*
Net profit (loss) incl. minorities	**51,809**	**26,336**	**68,617**	**140,024**	**99,690**	***-28.8***	***92.4***
Non-domestic sales	1,069,290	1,152,002	1,104,636	1,208,318	1,361,432	*12.7*	*27.3*
as a % of total sales	*46.9*	*48.8*	*48.1*	*49.3*	*51.0*	*3.4*	*8.7*
No. of staff	6,075	6,235	6,164	6,132	6,380	*4.0*	*5.0*
Capital expenditure	156,018	173,423	111,014	141,701	105,898	*-25.3*	*-32.1*
Per capita values (€'000)							
Net sales	375.2	378.9	372.6	399.7	418.6	*4.7*	*11.6*
Value added	85.8	76.6	83.1	92.9	91.4	*-1.6*	*6.5*
Cost of labour	36.2	37.5	38.9	41.3	41.9	*1.4*	*15.8*
Capital invested*	436.4	436.8	448.1	473.3	470.6	*-0.6*	*7.8*

* Effects of voluntary revaluations excluded.

Source : compiled by Mediobanca Research Department.

Tab. a7 – Profit and loss account structure of 72 non-co-operative companies (as a % of sales) §

	2007	2008	2009	2010	2011
Value added	22.9	20.2	22.3	23.2	21.8
Cost of labour	9.6	9.9	10.4	10.3	10.0
EBITDA	**13.2**	**10.3**	**11.9**	**12.9**	**11.8**
Ordinary depreciation and amortization	4.4	3.9	4.1	4.0	3.8
EBIT	**8.8**	**6.4**	**7.7**	**8,.9**	**8.1**
Interest expense and income	-2.5	-2.7	-1.9	-1.4	-1.3
Current profit (loss)	**6.3**	**3.7**	**5.8**	**7.5**	**6.8**

§ Excluding the effects of voluntary revaluations.

Source : compiled by Mediobanca Research Department.

Tab. a8 – Financial indicators for 72 Italian non-co-operative companies §

	2007	2008	2009	2010	2011
EBIT as a % of value added	38.4	31.7	34.6	38.3	37.0
Interest income as a % of value added*	2.1	2.4	1.3	1.0	1.4
Value added as a % of net equity	19.7	17.5	18.5	19.6	19.4
ROI %	**8.0**	**6.0**	**6.6**	**7.7**	**7.5**
Total borrowings as a % of net equity	44.1	44.1	40.2	39.0	39.0
Cost of borrowing % °	5.4	6.3	4.5	3.5	3.8
Extraordinary items as a % of current profit (loss)	-22.3	-4.2	-2.8	14.8	-1.9
Average tax rate as a % of pre-tax profit^	40.7	35.7	32.9	32.6	34.8
ROE %	**3.6**	**2.1**	**4.9**	**9.3**	**6.3**
% change in sales	7.4	3.6	-2.8	6.7	8.9
% change in no. of staff	0.6	2.6	-1.1	-0.5	4.0
Capital expenditure as a % of sales	6.8	7.3	4.8	5.8	4.0
Working capital/sales	41.0	42.3	41.6	41.8	39.4
Total borrowings/net equity	79.0	78.9	67.3	63.9	63.9

ROI = return on investment = (EBIT + interest income)/capital invested
ROE = return on equity = net profit/net equity
§ Excluding the effects of voluntary revaluations.
* Excluding gains on exchange rates.
° Excluding losses on exchange rates.
^ Excluding loss-making companies.

Source : compiled by Mediobanca Research Department.

Tab. a9 – Aggregate balance-sheets for 30 co-operative companies

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net tangible fixed assets	731,167	781,729	888,188	929,654	911,666	*-1.9*	*24.7*
Other fixed assets	94,401	82,217	80,266	86,370	109,106	*26.3*	*15.6*
Financial assets	119,644	107,909	109,516	115,300	114,035	*-1.1*	*-4.7*
Working capital	424,717	517,895	501,429	474,665	476,432	*0.4*	*12.2*
Staff and other provisions	-54,437	-53,861	-57,611	-59,039	-72,357	*22.6*	*32.9*
Capital invested	**1,315,492**	**1,435,889**	**1,521,788**	**1,546,950**	**1,538,882**	***-0.5***	***17.0***
Net equity	507,227	494,777	585,450	587,573	599,764	*2.1*	*18.2*
Total borrowings	808,265	941,112	936,338	959,377	939,118	*-2.1*	*16.2*
Total	**1,315,492**	**1,435,889**	**1,521,788**	**1,546,950**	**1,538,882**	***-0.5***	***17.0***

Source: compiled by Mediobanca Research Department.

Tab. a10 – Aggregate profit and loss accounts for 30 co-operative companies

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net sales	1,764,384	1,798,168	1,745,620	1,769,146	1,921,321	*8.6*	*8.9*
Consumables	1,504,396	1,517,537	1,479,473	1,500,951	1,625,221	*8.3*	*8.0*
Value added	**259,988**	**280,631**	**266,147**	**268,195**	**296,100**	***10.4***	***13.9***
Cost of labour	158,791	163,599	172,166	177,083	181,789	*2.7*	*14.5*
EBITDA	**101,197**	**117,032**	**93,981**	**91,112**	**114,311**	***25.5***	***13.0***
Ordinary depreciation and amortization	63,577	65,349	65,045	64,478	71,785	*11.3*	*12.9*
EBIT	**37,620**	**51,683**	**28,936**	**26,634**	**42,526**	***59.7***	***13.0***
Interest expense	34,715	45,071	36,763	23,467	25,669	*9.4*	*-26.1*
Interest income	9,381	9,639	6,920	1,764	6,282	*256.1*	*-33.0*
Profit before tax	**12,286**	**16,251**	**-907**	**4,931**	**23,139**	***369.3***	***88.3***
Balance of other costs and income	2,342	4,922	7,936	8,514	3,763	*-55.8*	*60.7*
Taxation	-5,850	-6,285	-4,892	-8,283	-9,429	*13.8*	*61.2*
Net profit (loss) incl. minorities	**8,778**	**14,888**	**2,137**	**5,162**	**17,473**	***238.5***	***99.1***
Non-domestic sales	736,247	730,218	715,414	763,759	854,135	*11.8*	*16.0*
as a % of total sales	*41.7*	*40.6*	*41.0*	*43.2*	*44.5*	*3.0*	*6.5*
No. of staff	3,915	3,933	3,907	3,928	3,897	*-0.8*	*-0.5*
Capital expenditure	78,291	105,130	96,107	117,373	75,246	*-35.9*	*-3.9*
Per capita values (€'000)							
Net sales	450.7	457.2	446.8	450.4	493.0	*9.5*	*9.4*
Value added	66.4	71.4	68.1	68.3	76.0	*11.3*	*14.4*
Cost of labour	40.6	41.6	44.1	45.1	46.6	*3.5*	*15.0*
Capital invested*	336.0	361.7	371.3	375.7	376.6	*0.2*	*12.1*

* Effects of voluntary revaluations excluded.

Source: compiled by Mediobanca Research Department.

Tab. a11 –Profit and loss account structure of 30 co-operative companies (as a % of sales) §

	2007	2008	2009	2010	2011
Value added	14.7	15.6	15.2	15.2	15.4
Cost of labour	9.0	9.1	9.9	10.0	9.5
EBITDA	**5.7**	**6.5**	**5.4**	**5.2**	**5.9**
Ordinary depreciation and amortization	3.6	3.6	3.6	3.5	3.6
EBIT	**2.1**	**2.9**	**1.8**	**1.7**	**2.4**
Interest expense and income	-1.4	-2.0	-1.7	-1.2	-1.0
Current profit (loss)	**0.7**	**0.9**	**0.1**	**0.4**	**1.4**

§ Excluding the effects of voluntary revaluations.

Source : compiled by Mediobanca Research Department.

Tab. a12 – Financial indicators for 30 co-operatives §

	2007	2008	2009	2010	2011
EBIT as a % of value added	14.5	18.7	12.0	11.0	15.4
Interest income as a % of value added*	3.7	3.5	2.3	1.3	1.6
Value added as a % of net equity	19.8	19.7	18.3	18.2	20.2
ROI %	**3.6**	**4.4**	**2.6**	**2.2**	**3.4**
Total borrowings as a % of net equity	61.4	66.2	64.5	65.0	64.0
Cost of borrowing % °	4.3	4.8	3.9	2.4	2.7
Extraordinary items as a % of current profit (loss)	19.1	29.0	390.6	110.9	14.4
Average tax rate as a % of pre-tax profit^	28.0	21.1	20.8	24.0	26.3
ROE %	**1.8**	**3.3**	**0.6**	**1.2**	**3.8**
% change in sales	5.2	1.9	-2.9	1.3	8.6
% change in no. of staff	3.6	0.5	-0.7	0.5	-0.8
Capital expenditure as a % of sales	4.4	5.8	5.5	6.6	3.9
Working capital/sales	24.1	29.0	29.0	27.1	25.0
Total borrowings/net equity	159.3	195.5	182.1	185.8	177.7

ROI = return on investment = (EBIT + interest income)/capital invested
ROE = return on equity = net profit/net equity
§ Excluding the effects of voluntary revaluations.
* Excluding gains on exchange rates.
° Excluding losses on exchange rates.
^ Excluding loss-making companies.

Source : compiled by Mediobanca Research Department.

Tab. a13 – Aggregate balance-sheets of 25 spumanti manufacturers companies

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net tangible fixed assets	235,459	344,509	372,241	379,049	383,718	*1.2*	*63.0*
Other fixed assets	83,721	83,284	72,762	69,716	62,787	*-9.9*	*-25.0*
Financial assets	42,167	40,885	49,418	42,141	62,615	*48.6*	*48.5*
Working capital	318,007	341,475	323,341	327,647	322,586	*-1.5*	*1.4*
Staff and other provisions	-31,509	-50,686	-51,759	-53,217	-54,178	*1.8*	*71.9*
Capital invested	**647,845**	**759,467**	**766,003**	**765,336**	**777,528**	***1.6***	***20.0***
Net equity	326,545	438,473	481,225	469,834	487,087	*3.7*	*49.2*
Total borrowings	321,300	320,994	284,778	295,502	290,441	*-1.7*	*-9.6*
Total	**647,845**	**759,467**	**766,003**	**765,336**	**777,528**	***1.6***	***20.0***

Source: compiled by Mediobanca Research Department.

Tab. a14 – Aggregate profit and loss accounts of 25 spumanti manufacturers companies

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net sales	730,880	788,040	774,853	810,779	899,280	*10.9*	*23.0*
Consumables	603,140	661,078	650,834	670,006	756,885	*13.0*	*25.5*
Value added	**127,740**	**126,962**	**124,019**	**140,773**	**142,395**	***1.2***	***11.5***
Cost of labour	61,673	63,813	65,471	68,112	71,114	*4.4*	*15.3*
EBITDA	**66,067**	**63,149**	**58,548**	**72,661**	**71,281**	***-1.9***	***7.9***
Ordinary depreciation and amortization	29,292	30,465	32,291	33,618	33,799	*0.5*	*15.4*
EBIT	**36,775**	**32,684**	**26,257**	**39,043**	**37,482**	***-4.0***	***1.9***
Interest expense	15,150	17,871	11,391	8,973	10,013	*11.6*	*-33.9*
Interest income	2,695	3,690	1,353	1,140	1,161	*1.8*	*-56.9*
Profit before tax	**24,320**	**18,503**	**16,219**	**31,210**	**28,630**	***-8.3***	***17.7***
Balance of other costs and income	-1,989	1,905	3,661	-2,594	-1,822	*-29.8*	*-8.4*
Taxation	-14,007	-9,213	-10,696	-11,479	-13,761	*19.9*	*-1.8*
Net profit (loss) incl. minorities	**8,324**	**11,195**	**9,184**	**17,137**	**13,047**	***-23.9***	***56.7***
Non-domestic sales	209,273	243,391	258,005	292,887	346,673	*18.4*	*65.7*
as a % of total sales	*28.6*	*30.9*	*33.3*	*36.1*	*38.6*	*6.7*	*34.6*
No. of staff	1,299	1,374	1,395	1,390	1,440	*3.6*	*10.9*
Capital expenditure	28,499	32,146	22,334	34,391	29,874	*-13.1*	*4.8*
Per capita values (€'000)							
Net sales	562.6	573.5	555.5	583.3	624.5	*7.1*	*11*
Value added	98.3	92.4	88.9	101.3	98.9	*-2.4*	*0,6*
Cost of labour	47.5	46.4	46.9	49.0	49.4	*0.8*	*4*
Capital invested*	498.7	487.8	462.9	464.0	456.4	*-1.6*	*-8,5*

* Effects of voluntary revaluations excluded.

Source: compiled by Mediobanca Research Department.

Tab. a15 – Profit and loss account structure of 25 spumanti manufacturers companies (as a % of sales) §

	2007	2008	2009	2010	2011
Value added	17.5	16.1	16.0	17.4	15.8
Cost of labour	8.4	8.1	8.4	8.4	7.9
EBITDA	**9.0**	**8.0**	**7.6**	**9.0**	**7.9**
Ordinary depreciation and amortization	4.0	3.2	3.3	3.3	3.0
EBIT	**5.0**	**4.8**	**4.3**	**5.7**	**4.9**
Interest expense and income	-1.7	-1.8	-1.3	-1.0	-1.0
Current profit (loss)	**3.3**	**3.0**	**3.0**	**4.7**	**3.9**

§ Excluding the effects of voluntary revaluations.

Source: compiled by Mediobanca Research Department.

Tab. a16 – Financial indicators for 25 spumanti manufacturers companies §

	2007	2008	2009	2010	2011
EBIT as a % of value added	28.8	29.9	26.7	32.6	31.0
Interest income as a % of value added*	2.4	2.7	1.2	0.6	0.7
Value added as a % of net equity	19.7	18.9	19.2	21.8	21.7
ROI %	**6.2**	**6.2**	**5.3**	**7.2**	**6.9**
Total borrowings as a % of net equity	49.6	47.9	44.1	45.8	44.2
Cost of borrowing % °	4.7	5.6	4.0	3.0	3.4
Extraordinary items as a % of current profit (loss)	-8.2	8.0	15.9	-6.8	-5.2
Average tax rate as a % of pre-tax profit^	43.5	33.0	36.9	31.6	34.7
ROE %	**2.6**	**4.2**	**3.5**	**6.5**	**4.7**
% change in sales	6.4	7.8	-1.7	4.6	10.9
% change in no. of staff	1.5	5.8	1.5	-0.4	3.6
Capital expenditure as a % of sales	3.9	4.1	2.9	4.2	3.3
Working capital/sales	43.5	46.2	44.7	43.3	38.5
Total borrowings/net equity	98.4	91.9	78.9	84.5	79.2

ROI = return on investment = (EBIT + interest income)/capital invested
ROE = return on equity = net profit/net equity
§ Excluding the effects of voluntary revaluations.
* Excluding gains on exchange rates.
° Excluding losses on exchange rates.
^ Excluding loss-making companies.

Source: compiled by Mediobanca Research Department.

Tab. a17 – Aggregate balance-sheets of 83 wine-makers companies (excluding spumanti manufacturers)

dati in migliaia di euro	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net tangible fixed assets	1,830,160	2,152,303	2,256,091	2,321,618	2,302,020	*-0.8*	*25.8*
Other fixed assets	621,365	603,819	654,555	657,043	691,548	*5.3*	*11.3*
Financial assets	238,446	211,246	236,710	291,620	316,743	*8.6*	*32.8*
Working capital	1,191,529	1,292,131	1,229,412	1,259,015	1,291,004	*2.5*	*8.3*
Staff and other provisions	-152,551	-172,554	-176,692	-178,914	-190,058	*6.2*	*24.6*
Capital invested	**3,728,949**	**4,086,945**	**4,200,076**	**4,350,382**	**4,411,257**	***1.4***	***18.3***
Net equity	1,892,607	2,073,038	2,269,805	2,394,671	2,440,640	*1.9*	*29.0*
Total borrowings	1,836,342	2,013,907	1,930,271	1,955,711	1,970,617	*0.8*	*7.3*
Total	**3,728,949**	**4,086,945**	**4,200,076**	**4,350,382**	**4,411,257**	***1.4***	***18.3***

Source : compiled by Mediobanca Research Department.

Tab. a18 – Aggregate profit and loss account structure of 83 wine-makers companies (excluding spumanti manufacturers)

€'000	2007	2008	2009	2010	2011	*Chg. 10-11*	*Chg. 07-11*
Net sales	3,662,590	3,706,940	3,555,353	3,710,177	4,023,521	*8.4*	*9.9*
Consumables	2,938,607	3,010,804	2,845,718	2,948,151	3,220,989	*9.3*	*9.6*
Value added	**723,983**	**696,136**	**709,635**	**762,026**	**802,532**	***5.3***	***10.8***
Cost of labour	354,104	372,101	383,065	398,559	414,939	*4.1*	*17.2*
EBITDA	**369,879**	**324,035**	**326,570**	**363,467**	**387,593**	***6.6***	***4.8***
Ordinary depreciation and amortization	154,957	159,452	162,047	162,408	171,067	*5.3*	*10.4*
EBIT	**214,922**	**164,583**	**164,523**	**201,059**	**216,526**	***7.7***	***0.7***
Interest expense	92,851	114,117	82,261	61,238	67,366	*10.0*	*-27.4*
Interest income	13,466	18,059	13,359	7,497	15,507	*106.8*	*15.2*
Profit before tax	**135,537**	**68,525**	**95,621**	**147,318**	**164,667**	***11.8***	***21.5***
Balance of other costs and income	-29,249	-2,793	2,983	35,440	-15,156	*-142.8*	*-48.2*
Taxation	-56,861	-43,243	-43,729	-57,512	-63,488	*10.4*	*11.7*
Net profit (loss) incl. minorities	**49,427**	**22,489**	**54,875**	**125,246**	**86,023**	***-31.3***	***74.0***
Non-domestic sales	1,747,460	1,806,663	1,712,100	1,853,210	2,069,056	*11.6*	*18.4*
as a % of total sales	*47.7*	*48.7*	*48.2*	*49.9*	*51.4*	*3.0*	*7.8*
No. of staff	9,453	9,557	9,468	9,441	9,516	*0.8*	*0.7*
Capital expenditure	225,969	259,194	192,435	234,363	158,090	*-32.5*	*-30.0*
Per capita values (€'000)							
Net sales	387.5	387.9	375.5	393.0	422.8	*7.6*	*9.1*
Value added	76.6	72.8	75.0	80.7	84.3	*4.5*	*10.1*
Cost of labour	37.5	38.9	40.5	42.2	43.6	*3.3*	*16.4*
Capital invested*	394.5	407.4	418.2	435.3	438.2	*0.7*	*11.1*

* Effects of voluntary revaluations excluded.

Source : compiled by Mediobanca Research Department.

Tab. a19 – Profit and loss account structure of 83 wine-makers companies (excluding spumanti manufacturers) (as a % of sales) §

	2007	2008	2009	2010	2011
Value added	19.8	18.8	20.0	20.5	19.9
Cost of labour	9.7	10.0	10.8	10.7	10.3
EBITDA	**10.1**	**8.7**	**9.2**	**9.8**	**9.6**
Ordinary depreciation and amortization	4.2	4.0	4.2	4.1	4.0
EBIT	**5.9**	**4.7**	**4.9**	**5.7**	**5.7**
Interest expense and income	-2.2	-2.6	-1.9	-1.4	-1.3
Current profit (loss)	**3.7**	**2.1**	**3.0**	**4.3**	**4.4**

§ Excluding the effects of voluntary revaluations.

Source : compiled by Mediobanca Research Department.

Tab. a20 – Financial indicators for 83 wine-makers companies (excluding spumanti manufacturers) §

	2007	2008	2009	2010	2011
EBIT as a % of value added	29.7	25.0	24.8	27.8	28.4
Interest income as a % of value added*	2.7	2.8	1.7	1.2	1.6
Value added as a % of net equity	19.4	17.9	17.9	18.5	19.2
ROI %	**6.3**	**5.0**	**4.7**	**5.4**	**5.8**
Total borrowings as a % of net equity	49.2	51.7	48.8	47.6	47.3
Cost of borrowing % °	5.1	5.7	4.3	3.1	3.4
Extraordinary items as a % of current profit (loss)	-21.6	-3.6	2.8	22.4	-8.6
Average tax rate as a % of pre-tax profit^	40.2	34.5	30.8	32.4	34.3
ROE %	**2.7**	**1.4**	**3.1**	**6.6**	**4.4**
% change in sales	7.3	1.2	-4.1	4.4	8.4
% change in no. of staff	1.8	1.1	-0.9	-0.3	0.8
Capital expenditure as a % of sales	6.2	7.0	5.4	6.3	3.9
Working capital/sales	32.5	35.9	35.7	35.0	33.0
Total borrowings/net equity	97.0	107.1	95.1	90.8	89.6

ROI = return on investment = (EBIT + interest income)/capital invested
ROE = return on equity = net profit/net equity
§ Excluding the effects of voluntary revaluations.
* Excluding gains on exchange rates.
° Excluding losses on exchange rates.
^ Excluding loss-making companies.

Source : compiled by Mediobanca Research Department.

II – International listed wine-makers

II.1 – Definition and characteristics of the panel

This section contains analysis of the annual aggregate accounts for the 2002-2011 period of a panel of listed international groups which make and/or sell wine.[1] In addition to being listed, the criteria for inclusion are: a significant share of turnover deriving from wine-making activity, the presence of wine production (and not just wine-selling) activities, and net revenues of over €150m reported in 2011.[2]

Compared to the previous edition of this survey we would point out the exclusion of Foster's Group of Australia, which now produces and distributes beer exclusively and has been delisted since December 2011 when it was acquired by the South African Group Sabmiller. Foster's, which was the second largest wine-maker in the world, has implemented a major industrial restructuring operation which led it to spin off its wine-making activities in July 2010 (which included Beringer Wine Estates, Rosemount Estates Wines and Southcorp) to the newly-established company Treasury Wine Estates, which was then deconsolidated and demerged in May 2011 and admitted to listing on the Australian stock market. To maintain the historical continuity the 2002-11 aggregate therefore excludes the annual accounts of both companies. Given the size of Treasury Wine Estates (2011 sales of over €1bn and almost 11,000 hectares of vineyards), alongside the 2002-11 aggregate comprising 13 companies (4 French, 3 Chilean, 2 North American, 1 Chinese, 1 South African, 1 German and 1 Australian), a second aggregate has been compiled for the 2010-11 two-year period only which includes also the financial statements of Treasury Wine Estates.[3]

The aggregate is made up as follows:

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[1] For each year the financial statements closing at the end of the calendar year (31 December) have been used, along with the interim statements as at the following 30 June. The financial statements have been converted to Euros on the basis of exchange rates prevailing at year-end 2011.

[2] Immediately below the minimum threshold come Argentinian group Bodegas Esmeralda, Delegat's Wine Estate Ltd of New Zealand and the Dynasty Fine Wines Group of China (listed on the Hong Kong stock market and owned as to 27% by French group Rémy Cointreau), with 2011 sales of €143m, €133m and €132m respectively. Some of the leading international sector players continue to be excluded from the survey, such as French groups LVMH (which operates in this sector via its subsidiary Moet-Hennessy) and Pernod Ricard and US wine company Gallo, as their wine-making divisions are not listed. LVMH's Wine and Spirits – Champagne and Cognac division reported sales of €3,524m in 2010 (16% of the Group's entire turnover), €1,782m of which from champagne (with 55.5 million bottles sold). Italian group Davide Campari is not included for the same reason, despite reporting sales in the wine sector totalling €185m in 2011 (out of total revenues amounting to €1.3bn). German group Hawesko Holding and UK-based Majestic Wine (with 2011 sales of €411m and €336m respectively) are also excluded, despite being listed, on the grounds that they operate only in distribution.

[3] Other recent deals in which companies included in the panel have been involved included, during 2009, the acquisitions of Tarapaca by Vina San Pedro (now Vina San Pedro Tarapaca), both of Chile, and of French group Domaines Listel by Vranken Pommery, also of France, and in January 2010, the acquisition of Laroche by Advini (formerly Jeanjean). In March 2011 Vina Concha y Toro acquired Californian operator Fetzer Vineyards from the Brown-Forman group, for an outlay of $238m. Fetzer Vineyards is one of the largest players operating on the US market, with 6 main labels and 429 hectares of vineyards in California. This deal represented a change of direction from the past, when the largest deals in the sector were for the most part made by the large US and Australian groups, which in recent years have made major disposals (for the multiples see Table 17). Apart from the demerger of the Foster's Group's wine activities, in 2007 Constellation Brands spun off its non-wine activities (which in 2006 had turned over $1.9bn) to two joint ventures: The businesses concerned were the sale of imported beer in the United States (a joint venture with Mexican group Modelo, itself 50%-owned by AB Inbev's) and the wholesale distribution of alcoholic drinks in the United Kingdom. As from the same year in which the spinoff took place, Constellation consolidated these two activities using the net equity method. In June 2012 Constellation Brands wound up the joint venture with the Modelo group. The US company's brand portfolio rationalization continued in 2008, with the sale of 60 local brands, in March 2009, with the disposal of forty spirits brands to US-based Sazerac Company for approx. $330m in March of that year, and then in November, of UK group Gaymer Cider to C&C for $75m. These deals, along with the acquisition of Beam Wine Estate (sold by Fortune Brands in 2007 for around $900m, explain the increasing percentage of Constellation Brands' turnover accounted for by wine activities, which has virtually trebled (90% in 2011 compared with 36% in 2001), despite the US group selling its 80% stake in Accolade Wine, the subsidiary responsible for managing the group's activities in Australia and the United Kingdom (two of the wine markets most affected by the financial crisis) to Champ Private Equity for approx. $267m at end-January 2011. Constellation Brands continues to occupy first position worldwide in terms of volumes produced, but wine making is destined to reduce as a percentage of total revenues as a result of the buyback announced in June 2012 of 50% of Crown Imports from the Modelo group (all of which in turn was acquired in February 2013 by AB Inbev's) for $1.85bn. In February 2013 Constellation Brands also acquired, again from AB Inbev's, Compania Cervecera de Coahuila (owner of a brewery in Mexico) and permanent distribution rights for the "Corona" and "Modelo" brands on the US market, for a further outlay of $2.9bn. With these acquisitions, Constellation Brands has become the third largest producer and distributor of beer in the United States.

Company	Country	Most recent financial statement	Sales (1) (in €'000)	Wine as % of sales	Export as a % of sales	Annual % change in sales (2)	Employees 2010
Constellation Brands	USA	28 February 2012	2,051,395	90.0	19.9	3.8	4,400
Treasury Wine Estates	Australia	30 June2012	1,320,915	100.0	63.5	13.9	3,129
Distell Group	Sudafrica	30 June2012	1,075,887	n.d.	27.5	15.1	4,719
Vina Concha Y Toro	Chile	31 December 2011	694,397	84.4	<1%	20.6	4,942
Yantai Changyu Pioneer Wine	China	31 December 2011	629,073	92.7	78.1	2.4	3,561
Vranken-Pommery	France	31 December 2011	339,638	97.1	36.9	-6.8	892
Lanson-BCC	France	31 December 2011	310,152	100.0	40.2	1.6	464
Sektkellerei Schloss	Germany	30 June2012	293,432	100.0	66.3	5.1	1,135
Vina San Pedro Tarapaca	Chile	31 December 2011	218,810	100.0	65.7	10.6	410
Andrew Peller	Canada	31 Mars 2012	209,522	100.0	4.0	4.3	1,162
Laurent Perrier	France	31 Mars 2012	205,876	100.0	60.8	4.6	1,185
Advini	France	31 December 2011	210,015	98.9	39.8	10.9	565
Australian Vintage Ltd	Australia	30 June2012	179,173	93.3	56.4	1.0	567
Vina Santa Rita	Chile	31 December 2011	181,116	100.0	54.2	16.9	1,861
TOTAL			**7,919,401**	**81.2**	**38.4**	**0.7**	**28,992**

(1) Converted to exchange rate ruling at end of financial year.
(2) For the individual companies, in local currency. For US group Constellation Brands and Vina Concha y Toro of Chile, the change has been calculated based on pro-forma data.

The ownership structure overall is concentrated, and the panel includes only three public companies: Australian groups Treasury Wine Estates and Australian Vintage, and Constellation Brands (Table 8). The four French groups and Sektkellerei Schloss of Germany are family-owned (for the most part by families descended from the founders), with stakes of above 70% in the cases of Lanson-BCC and Vranken Pommery. Albeit with lower percentages, the reference shareholders at both Vina Concha y Toro and Canadian group Andrew Peller are also families and individuals, who hold 50.1% and 35.2% respectively. Over 70% of Chilean group Vina Santa Rita is controlled by a listed conglomerate, Compania Electro Metalurgica, which is operative in the iron and steel industry and produces glass containers for beverages. The other Chilean company, Vina San Pedro Tarapaca, is owned by a joint venture between Heineken and the Luksic family, via a chain of companies. One multinational is also represented in the ownership of the South African Distell Group, namely SabMiller, with a 29% alongside the majority, 57.9% interest owned by holding company Remgro-Capevin Investment Ltd. Lastly, the Reina family, which owns Illva Saronno, also holds 33% of Yantay Changyu Group which in turn controls 50.4% of operating company Yantai Changyu Pioneer Wine Company. The other stakes owned in Yantai Changyu Group include 45% belonging to a holding company owned by staff and management, 12% held by the municipality of Yantai, and 10% by a holding company owned by the World Bank focused on investing in developing countries.

II.2 – Aggregate trends (2002-2012)

The aggregate financial data for the thirteen largest groups in the ten years from 2002 to 2011 (not including Treasury Wine Estates) are shown in Table 1 and reflect:

- the 1.6% reduction in sales compared to 2010, at around €6.6bn. The aggregate sales posted in 2011 were more than 25% higher than the values recorded at end-2002 (annual average growth of 2.5%);
- higher margins, with both EBIT and EBITDA reaching their highest readings for the decade, at 20.1% and 16.9% respectively;
- growth at the current profit level, including as a result of the improvement in financial operations, with current profit increasing as a percentage of turnover for the third year running to reach 16.8%, the highest result for the decade, 6.4 percentage points higher than the margins recorded at the start of the period;
- the positive contribution, albeit marginal, from extraordinary items in 2011, for the first time in a decade, after two years in which the aggregate accounts had been strongly impacted by the huge one-off charges taken in connection with some major restructuring processes;

- net profit again accounted for 12.9% of total sales (13% in 2010), far above the figures recorded previously; ROE stood at 18.1% (down from 20.2% in 2010), this too near the highest levels for the period under review;
- the importance of intangibles, of which the goodwill recorded in 2011 still accounted for some 40% of net equity, despite the reduction which started in 2007 following the rationalization plans and writedowns;
- the improvement in the financial structure, with the ratio between net debt and net equity falling to 85% in 2011, down from 139% in 2008, and the net debt and tangible net equity ratio declining from 729% in 2007 to 208%.

For 2010-2011, the inclusion of Treasury Wine Estates pushed the aggregate's total sales in 2011 to €8bn, up slightly (0.7%) on 2010. As a percentage of sales, the aggregate's margins including Treasury Wine Estates account for lower proportions than was previously the case; and the same is true of the behaviour of ROE (Table 2). The large champagne *maisons* show margins slightly below those of the aggregate and also a more fragile financial structure: ROE in 2011 was 7.5% (compared with 18.1%), while the net debt/net equity ratio was 170% (compared with 85% for the general aggregate), and the tangible net equity ratio 248.5% (208%).[4] Some players have chosen to leave the sector: such is the case, for example, with French group Remy Cointreau, which specializes in spirits, and which in July 2011 sold its champagne division (which includes the Charles Heidsieck and Piper Heidsieck brands), despite continuing to handle worldwide distribution for them. Champagne, having posted a positive performance in 2011 in terms of sales (€4.4bn, up 7.3% vs 2010) and bottles sold (323 million, compared with 319.6 million), saw a slowdown in 2012, with preliminary data indicating turnover of €4.3bn (down 2.3%) and a number of items sold totalling 308.8 million (down 3.4%) (Tables 3 and 4).

The breakdown for the individual groups in 2011 (Table 5) shows the following trends:

- the best industrial margin was again recorded by Chinese group Yantai Changyu (EBIT 43.9% of sales), followed by US-based Constellation Brands (20.3%) and French company Laurent Perrier (20%); the worst performances were recorded by Advini with 2.6% and Vina San Pedro with 6.5%;
- the current profit earned by Yantai Changyu continues to improve, reaching 44.7% of sales, higher than the already high 40.7% recorded in 2010; of the other companies, only Constellation Brands (22.1%) exceeded the 20% barrier, followed by Laurent-Perrier (15.7%) and Treasury Wine Estates (13.2%);
- Yantai Changyu posted the best result in terms of net profit (33.7% of turnover), this too far above the following companies, of which only Constellation Brands (16.8%) and Chilean group Vina Concha y Toro (12%) recorded results above 10%;[5]
- the three French champagne *maisons* show the highest per capita values in the sample in terms of net added value, as we have already seen with the Italian *spumanti* producers;
- the most solid financial structures are again those of Yantai Changyu (whose tangible net capital is around 36x its net equity), Australian group Treasury Wine Estates (31x), and Distell of South Africa (11x); Chilean wine-maker Vina San Pedro Tarapaca is also well capitalized (4.9x); while Constellation Brands has negative tangible net equity.

As for the most recent trends to emerge in 2012 as shown from the interim statements (Table 6), sales show a slight, 2.3% increase due in particular to Constellation Brands (up 3.7%) and Distell (up 9.3%), despite the reductions recorded by five of the companies comprised within the panel (the largest reduction, of 14.7%, was by French group Lanson-BCC); Chinese wine-maker Yantai Changyu seems to have finally slowed down, after several consecutive years of growth, ending the first nine months of 2012 with sales down 5.8%. Industrial margins declined by 8.6% and net profits by 7.1%.

[4] Vranken-Pommery, Laurent Perrier, Lanson-BCC, and, until the year prior to their acquisition, Lanson International and Domaines Listel.

[5] Yantai is the company which pays most tax compared to its sales (11.2%), being taxed at 25% of its taxable profits. Other duties and taxes to which it is subject (deducted from revenues) are: value added tax (17% of revenues), consumption tax (20% of gross revenues for sparkling wines, and between 10% and 20% for other wines), business tax (5% of taxable profits), and urban development tax (7% of the amount paid by way of business tax).

II.3 - International dimension: vineyards and sales

The main productive assets of a wine-making company are the vineyards which it may have available, through either owning, leasing or renting them. The14 companies which make up the panel had some 68,000 hectares available at end-2011, 24.7% of which were in China, 23.9% in Chile, 13% in Australia, 11.6% in the United States, and 11.4% in Europe (Table 9). Yantai Changyu is responsible for the increase in area, with some 16,700 hectares concentrated entirely within China (in the provinces of Yantai, Xinjiang, Ningxia, Shaanxi and Liaoning), while another four panel companies have more than 5,000 hectares. Australian group Treasury Wine Estate and Constellation Brands (the only companies to have vineyards in Italy, with the latter having consolidated the Ruffino estates since October 2011) showing the greatest geographical diversification, with a footprint in four different countries. They are followed by Vina Concha y Toro, which since its acquisition of US-based Fezter Vineyards in April 2011 has production activities in three different countries, and French group Advini with vineyards in France, Chile and South Africa, even though its non-French properties are residual and in part were sold during 2011.[6] Constellation Brands is also the company with the most extensive non-domestic structure, with approximately one-third of its vineyards located beyond its own national borders. As well as the Chinese group Yantai Changyu, the French wine-makers Laurent Perrier and Lanson-BCC, German company Sektkelleri Schloss, Andrew Peller of Canada and Australian group Vintage also stand out for their lack of non-domestic vineyards. Vranken Pommery owns some 250 hectares of vineyards in Portugal to produce *Porto* wine.[7] German group Sektkellerei Schloss too is forced to buy large quantities of grapes from different suppliers, chiefly in France, Spain and Italy, as it owns just 36 hectares of vineyards, with an annual production of approx. 300,000 bottles (compared with 220 million bottles of sparkling wine sold in a year by the group). French company Laurent Perrier, which has executed supply contracts, has a production which is equivalent to 1,400 hectares, only 11% of which is generated from its own property, having chosen to restrict its proprietary operation of vineyards.

To assess the international footprint of the largest wine companies, it is useful to consider the geographical breakdown of their turnover. Of the total aggregate revenues, 38.4% is generated outside the home nation, which for seven companies (Vina Concha y Toro, Sektkellerei Schloss, Treasury Wine Estates, Laurent Perrier, Vina San Pedro, Australian Vintage and Vina Santa Rita) represents over 50% of their total sales, with the highest figure of 80% recorded by Chilean group Vina Concha y Toro. Although some 66% of Sektkellerei's turnover depends on exports, the German company's sparkling wines and *spumanti* are sold only in Europe. Yantai is the only company to concentrate entirely on its domestic territory (including via the distribution of imported wines), a choice dictated by the fact that the Chinese wine sector has recorded annual average growth rates in the region of 16.5%, with consumption estimated at over 1,156 million litres in 2011 and total sales estimated at over €4.5bn. The Canadian group Andrew Peller's exports are also marginal, and involve only iced wine. In terms of the macro-areas, 37.4% of the aggregate sales are generated in North America (an effect of the strong presence of Constellation Brands), followed by Europe and Asia/Australia with 23.4% and 18.7% of the total respectively. Despite not providing a precise breakdown of its international turnover, South African group Distell says it generates 90% of its sales within Africa, with "domestic" sales accounting for nearly three-quarters of the total.

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[6] Some of the companies not included in this survey either because they are not listed or because they are spirits sector specialists also have some very extensive vineyards. E&J Gallo, French group Pernod Ricard and Argentinian group Penaflor all have over 5,000 hectares available, 8,100, 6,100 and 5,215 hectares respectively (Diagram 1).

[7] The cultivated vineyard areas which are allowed to use the name *champagne* cover 34,160 hectares equal to roughly 3.5% of all French vineyards), with a highly fragmented ownership: 89% of them are controlled by some 15,651 growers, while the other 11% is controlled by the large *maisons* which generate 66% of the total sales of champagne; for the latter, entering into supply agreements with independent growers is therefore a key part of their business.

Table 1 - Aggregate of thirteen leading international listed groups (2002-2011)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aggregate profit and loss accounts					*€'000*					
Net sales	5,267,481	6,103,820	6,400,060	7,022,387	7,177,516	6,477,712	6,559,420	6,451,341	6,708,459	6,598,486
Index number	*100.0*	*115.9*	*121.5*	*133.3*	*136.3*	*123.0*	*124.5*	*122.5*	*127.4*	*125.3*
Purchases and sundry operating expenses	-4,386,714	-5,028,708	-5,346,056	-5,827,638	-5,976,849	-5,296,724	-5,367,333	-5,211,647	-5,428,834	-5,273,770
Gross operating margin	**880,766**	**1,075,112**	**1,054,004**	**1,194,749**	**1,200,667**	**1,180,987**	**1,192,087**	**1,239,694**	**1,279,625**	**1,324,716**
Depreciation	-154,590	-188,211	-178,841	-208,250	-209,009	-237,141	-235,648	-233,164	-219,037	-206,723
Net operating margin	**726,176**	**886,901**	**875,163**	**986,499**	**991,658**	**943,846**	**956,439**	**1,006,530**	**1,060,587**	**1,117,994**
Interest and financing charges	-211,640	-233,731	-206,017	-248,338	-295,149	-368,986	-356,449	-300,757	-229,652	-230,372
Interest received	35,445	18,546	14,361	24,058	93,070	207,447	141,437	193,459	205,693	221,373
Current pre-tax profit	**549,981**	**671,717**	**683,506**	**762,220**	**789,579**	**782,308**	**741,426**	**899,233**	**1,036,628**	**1,108,995**
Balance of other costs and income	-15,755	-89,409	-40,626	-110,991	-32,174	-663,081	-494,544	-167,604	-7,627	4,259
Taxation	-182,670	-191,637	-205,214	-207,877	-259,775	-271,466	-246,467	-252,821	-150,215	-256,926
Net profit (loss) incl. minorities	351,556	390,671	437,667	443,352	497,631	-152,239	415	478,808	878,787	856,327
Profit attributable to parent company	-1,559	-1,708	-2,569	-3,889	-5,611	408	-1,928	-3,928	-6,575	-2,334
Net profit attributable to parent company	**349,997**	**388,962**	**435,098**	**439,463**	**492,020**	**-151,831**	**-1,514**	**474,880**	**872,211**	**853,994**
ROE	*12.9*	*10.9*	*10.7*	*10.1*	*11.4*	*neg.*	*neg.*	*10.9*	*20.2*	*18.1*
Employees	*25,116*	*24,782*	*24,619*	*26,416*	*25,905*	*25,441*	*25,259*	*25,304*	*24,985*	*25,863*
Aggregate balance sheets										
Net tangible fixed assets	1,789,127	2,010,419	2,536,437	2,526,633	2,689,274	3,037,499	2,853,259	2,931,715	2,941,387	3,181,037
Intangibles	1,237,388	2,269,035	3,173,969	3,107,143	3,689,948	3,788,463	3,326,684	3,242,412	3,271,186	3,341,555
of which goodwill	*740,685*	*1,411,605*	*2,080,844*	*2,156,479*	*2,524,590*	*2,555,492*	*2,194,421*	*2,165,485*	*2,203,020*	*2,247,666*
Financial assets	299,357	249,947	435,557	336,828	516,042	588,066	462,910	554,444	524,884	513,503
Working capital	2,946,143	3,203,485	3,676,487	3,780,131	3,816,297	4,086,159	4,001,510	4,087,722	3,950,919	4,170,472
Staff and other provisions	-225,684	-309,080	-531,518	-575,595	-648,656	-676,399	-654,961	-717,788	-747,701	-773,401
Capital invested	**6,046,330**	**7,423,805**	**9,290,933**	**9,175,141**	**10,062,904**	**10,823,789**	**9,989,401**	**10,098,505**	**9,940,675**	**10,433,167**
Net equity	3,110,493	3,973,158	4,549,811	4,818,680	4,841,255	4,637,158	4,181,033	4,868,206	5,256,623	5,641,918
Total borrowings	2,935,838	3,450,647	4,741,122	4,356,461	5,221,649	6,186,631	5,808,368	5,230,300	4,684,051	4,791,248
Total	**6,046,330**	**7,423,805**	**9,290,933**	**9,175,141**	**10,062,904**	**10,823,789**	**9,989,401**	**10,098,505**	**9,940,675**	**10,433,167**
Total borrowings as a % of net equity	*94.4*	*86.8*	*104.2*	*90.4*	*107.9*	*133.4*	*138.9*	*107.4*	*89.1*	*84.9*
Total borrowings as a % of tangible net equity	*156.7*	*202.5*	*344.6*	*254.5*	*453.5*	*729.0*	*679.9*	*321.7*	*235.9*	*208.3*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aggregate profit and loss accounts					*as a % of net sales*					
Net sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	101.0
Index number										
Purchases and sundry operating expenses	-83.3	-82.4	-83.5	-83.0	-83.3	-81.8	-81.8	-80.8	-80.9	-79.9
Gross operating margin	**16.7**	**17.6**	**16.5**	**17.0**	**16.7**	**18.2**	**18.2**	**19.2**	**19.1**	**20.1**
Depreciation	-2.9	-3.1	-2.8	-3.0	-2.9	-3.7	-3.6	-3.6	-3.3	-3.1
Net operating margin	**13.8**	**14.5**	**13.7**	**14.0**	**13.8**	**14.6**	**14.6**	**15.6**	**15.8**	**16.9**
Interest and financing charges	-4.0	-3.8	-3.2	-3.5	-4.1	-5.7	-5.4	-4.7	-3.4	-3.5
Interest received	0.7	0.3	0.2	0.3	1.3	3.2	2.2	3.0	3.1	3.4
Current pre-tax profit	**10.4**	**11.0**	**10.7**	**10.9**	**11.0**	**12.1**	**11.3**	**13.9**	**15.5**	**16.8**
Balance of other costs and income	-0.3	-1.5	-0.6	-1.6	-0.4	-10.2	-7.5	-2.6	-0.1	0.1
Taxation	-3.5	-3.1	-3.2	-3.0	-3.6	-4.2	-3.8	-3.9	-2.2	-3.9
Net profit (loss) incl. minorities	6.7	6.4	6.8	6.3	6.9	-2.4	0.0	7.4	13.1	13.0
Profit attributable to parent company	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.1	-0.1	0.0
Net profit attributable to parent company	**6.6**	**6.4**	**6.8**	**6.3**	**6.9**	**-2.3**	**0.0**	**7.4**	**13.0**	**12.9**

N.B.: Figures converted into Euros on the basis of fixed exchange rates at year-end 2011.

Table 2 – Aggregate of fourteen largest international groups (2010-2011)

	2010	2011	2010	2011
Aggregate profit and loss accounts	*€'000*		*as a % of net sales*	
Net sales	7,867,698	7,919,401	100.0	101.0
Purchases and sundry operating expenses	-6,497,529	-6,362,585	-82.6	-80.3
Gross operating margin	**1,370,169**	**1,556,816**	**17.4**	**19.7**
Depreciation	-275,549	-259,934	-3.5	-3.3
Net operating margin	**1,094,620**	**1,296,882**	**13.9**	**16.4**
Interest and financing charges	-310,686	-237,917	-3.9	-3.0
Interest received	338,759	224,596	4.3	2.8
Current pre-tax profit	**1,122,693**	**1,283,560**	**14.3**	**16.2**
Balance of other costs and income	-27,198	-59,877	-0.3	-0.8
Taxation	-166,092	-296,854	-2.1	-3.7
Net profit (loss) incl. minorities	929,404	926,830	11.8	11.7
Profit attributable to parent company	-6,811	-2,176	-0.1	0.0
Net profit attributable to parent company	**922,592**	**924,653**	**11.7**	**11.7**
ROE	*14.1*	*13.3*		
Employees	*28,304*	*28,992*		
Aggregate balance sheets				
Net tangible fixed assets	3,800,619	4,066,599		
Intangibles	3,999,866	4,074,558		
of which goodwill	*2,207,029*	*2,251,360*		
Financial assets	827,800	954,594		
Working capital	4,634,248	4,705,566		
Staff and other provisions	-953,470	-1,007,151		
Capital invested	**12,309,063**	**12,794,166**		
Net equity	7,517,725	7,952,144		
Total borrowings	4,791,337	4,842,023		
Total	**12,309,063**	**12,794,166**		
Total borrowings as a % of net equity	*63.7*	*60.9*		
Total borrowings as a % of tangible net equity	*136.2*	*124.9*		

N.B.: Includes Treasury Wine Estates. Figures converted into Euros on the basis of fixed exchange rates at year-end 2011.

Table 3 – Aggregate of champagne *maisons* (2002-2011)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aggregate profit and loss accounts	*as a % of net sales*									
Net sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Index number										
Purchases and sundry operating expenses	-85.2	-85.2	-84.0	-79.7	-82.3	-79.9	-79.0	-84.0	-84.3	-83.3
Gross operating margin	**14.8**	**14.8**	**16.0**	**20.3**	**17.7**	**20.1**	**21.0**	**16.0**	**15.7**	**16.7**
Depreciation	-2.5	-2.2	-2.6	-2.6	-2.6	-2.5	-3.2	-2.9	-2.6	-2.5
Net operating margin	**12.3**	**12.6**	**13.4**	**17.8**	**15.1**	**17.6**	**17.7**	**13.1**	**13.1**	**14.2**
Interest and financing charges	-6.2	-6.2	-5.6	-5.4	-5.0	-6.0	-7.6	-5.0	-4.2	-4.7
Interest received	0.0	0.2	-0.6	0.2	0.1	0.4	0.7	-1.1	-0.6	0.0
Current pre-tax profit	**6.2**	**6.6**	**7.3**	**12.6**	**10.2**	**12.0**	**10.9**	**7.0**	**8.3**	**9.5**
Balance of other costs and income	-2.0	-0.6	-2.0	-2.8	0.2	0.3	0.0	1.6	0.1	0.1
Taxation	-1.6	-2.8	-2.1	-3.2	-3.5	-4.2	-3.6	-2.4	-2.8	-3.7
Net profit (loss) incl. minorities	2.6	3.2	3.2	6.6	6.8	8.1	7.2	6.1	5.6	5.9
Profit attributable to parent company	0.1	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit attributable to parent company	**2.7**	**3.1**	**2.9**	**6.6**	**6.8**	**8.0**	**7.1**	**6.1**	**5.6**	**5.9**
ROE	*7.2*	*7.8*	*6.9*	*13.9*	*14.2*	*16.8*	*10.7*	*8.0*	*8.4*	*7.5*
Employees	1,577	1,768	1,751	1,807	2,163	1,582	1,582	1,547	1,829	1,766
Aggregate balance sheets										
Net equity	367,270	384,632	477,488	514,286	550,361	630,531	654,279	638,781	747,036	779,425
Total borrowings	973,478	1,099,685	1,171,310	1,205,887	1,265,143	1,269,230	1,407,631	1,401,777	1,358,289	1,327,343
Total	**1,340,748**	**1,484,317**	**1,648,798**	**1,720,173**	**1,815,504**	**1,899,761**	**2,061,910**	**2,040,558**	**2,105,325**	**2,106,768**
Total borrowings as a % of net equity	*265.1*	*285.9*	*245.3*	*234.5*	*229.9*	*201.3*	*215.1*	*219.4*	*181.8*	*170.3*
Total borrowings as a % of tangible net equity	*485.2*	*571.3*	*435.9*	*384.1*	*416.3*	*330.7*	*346.1*	*357.6*	*269.9*	*248.5*

Table 4- The champagne market (2007-2011)

Main companies	Net sales					Champagne: number of bottles sold				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
	(€ m)					bottles (millions)				
Moet - Hennessy (Gruppo LVMH)	1,782	1,664	1,383	1,689	1,802	55.5	55.2	48.4	57.6	62.2
Lanson-BCC	310	305	276	301	359	20.6	22.3	21.0	19.8	21.7
Vranken Pommery	282	309	270	286	287	20.3	20.5	19.8	19.9	20.6
Laurent Perrier	216	198	172	181	249	13.2	12.6	10.3	9.6	14.2
Pernod Ricard	165	…	…	138	…	10.8	9.6	9.6	10.8	11.6
Remy Cointreau (1)	…	103	97	126	142	…	8.5	8.5	9.3	10.9
Roederer	127	119	114	114	116	…	…	3.5	…	…
Centre Vinicole De la Champagne	208	174	174	193	185	9.6	8.0	7.0	8.3	10.0
G.H. Martel & Co	89	95	79	111	…	…	…	…	…	8.0
Taittinger	116	114	…	109	96	…	…	…	…	4.9
Thiénot	…	…	88	97	…	6.2	…	…	…	…
Alliance Champagne	…	81	72	76	85	…	…	8.0	…	7.8
Total champagne market	**4,400**	**4,100**	**3,700**	**4,440**	**4,560**	**323.0**	**319.6**	**293.3**	**322.6**	**338.8**
Y.o.Y chg.	7.3	10.8	-16.7	-2.6		1.0	9.0	-9.1	-4.8	

(1) In july 2011 it has sold its champagne business to EPI Group (owned by Christopher Descours) for about 410 € m.

Table 5 – Indicators by company (2011 data)

	LANSON-BCC	CONSTELLATION BRANDS	LAURENT-PERRIER	VRANKEN POMMERY	VINA CONCHA Y TORO	DISTELL GROUP	YANTAI CHANGYU PIONEER	SEKTKELLEREI SCHLOSS	ANDREW PELLER	ADVINI	VINA SAN PEDRO TARAPACA	AUSTRALIAN VINTAGE	TREASURY WINES ESTATES	VINA SANTA RITA
							(as a % of net sales)							
EBITDA	17.0	24.4	22.2	12.9	13.7	13.5	45.6	9.1	11.6	5.6	11.1	13.9	17.6	11.3
Depreciation and amortization	-2.0	-4.2	-2.2	-3.1	-4.2	-1.8	-1.7	-2.4	-2.8	-3.0	-4.6	-3.1	-4.0	-4.4
EBIT	14.9	20.3	20.0	9.7	9.5	11.7	43.9	6.7	8.7	2.6	6.5	10.8	13.5	7.0
Interest expense	-4.4	-7.1	-4.6	-5.0	-1.5	-0.5	-0.1	-1.9	-1.9	-1.1	-1.2	-6.5	-0.6	-1.8
Interest income and sundry gains (losses)	0.1	8.9	0.3	-0.2	2.5	1.6	0.9	0.4	0.1	-0.3	-0.2	-0.1	0.2	0.5
Current pre-tax profit	10.7	22.1	15.7	4.5	10.5	12.8	44.7	5.2	6.9	1.2	5.0	4.2	13.2	5.7
Balance of other costs and income	0.0	-1.9	0.0	0.2	4.6	-0.1	0.2	0.0	-0.2	1.0	6.3	-0.3	-4.9	0.1
Taxation	-4.0	-3.4	-5.7	-2.1	-3.1	-4.0	-11.2	-1.6	-2.0	-0.4	-1.7	-0.8	-3.0	-0.7
Net profit attributable to parent company	6.7	16.8	9.9	2.6	12.0	8.6	33.7	3.0	4.7	1.8	9.6	3.1	5.3	5.1
							€'000							
Total sales per employee	668	466	534	381	177	228	141	259	180	372	174	316	422	97
Value added per employee (1)	169	….	189	92	30	56	….	52	50	62	30	86	118	18
Cost of labour per employee	69	….	82	55	13	29	….	34	35	52	19	41	61	11
							(in %)							
Net worth as % of total borrowings	39.6	85.5	95.6	56.4	178.8	>1.000	>1.000	174.0	115.6	60.7	658.7	183.2	>1.000	272.1
Tangible net worth as % of total borrowings	15.1	neg.	84.7	39.2	155.2	>1.000	>1.000	74.9	66.6	40.3	485.4	141.3	>1.000	264.7

(1) Net of depreciation and amortization.

Table 6 – Most recent trends (2012 interim statements)

	2012			2011			% Change		
	Net sales	EBIT	Net profit	Net sales	EBIT	Net profit	Net sales	EBIT	Net profit
		€'000			*€'000*				
Constellation Brands '(1)	1,591,784	320,676	231,999	1,535,698	315,977	259,209	3.7	1.5	-10.5
Distell (2)	780,249	109,297	78,538	713,570	103,882	69,537	9.3	5.2	12.9
Treasury Wines Estates (2)	642,621	57,741	41,142	664,884	72,137	31,466	-3.3	-20.0	30.8
Yantai (3)	475,005	150,257	141,443	504,312	204,191	153,726	-5.8	-26.4	-8.0
Vina Concha y Toro (3)	499,789	41,217	33,995	469,977	47,430	41,396	6.3	-13.1	-17.9
Vina San Pedro Tarapaca (4)	236,743	16,498	11,974	218,999	16,499	21,088	8.1	0.0	-43.2
Andrew Peller (5)	171,696	18,643	11,901	164,415	18,535	10,356	4.4	0.6	14.9
Vina Santa Rita (3)	133,323	8,848	5,480	140,129	9,821	6,397	-4.9	-9.9	-14.3
Vranken Pommery (6)	125,464	8,465	- 1,054	126,673	8,334	73	-1.0	1.6	n.c.
Lanson-BCC (6)	92,999	11,554	3,227	109,015	13,386	4,473	-14.7	-13.7	-27.9
Advini (6)	104,261	2,144	716	96,789	1,889	2,482	7.7	13.5	-71.2
Laurent Perrier (7)	95,540	15,480	6,910	91,990	19,890	9,500	3.9	-22.2	-27.3
TOTALI	4,949,473	760,820	566,271	4,836,451	831,971	609,705	2.3	-8.6	-7.1

(1) Nine-month period ended 30/11/2012.
(2) Six-month period ended 31/12/2012.
(3) Nine-month period ended 30/09/2012.
(4) Annual report closed 31/12/2012.
(5) Nine-month period ended 31/12/2012.
(6) Six-month period ended 30/06/2012.
(7) Six-month period ended 30/09/2012.

Table 7 – Multiples in principal transactions

Acquiror	Target	Date	EV/Ebitda	EV / Net sales
Foster's Group	Beringer Wine Estates (US)	Oct-00	10.1	3.1
Allied Domecq (UK) (1)	Montana Wines (NZ)	Feb-01	25.0	3.0
Southcorp (AU)	Rosemount Estate Wines (AU)	Feb-01	17.3	…..
Constellation Brands (US)	BRL Hardy (AU)	Mar-03	22.0	3.4
Constellation Brands (US)	Robert Mondavi (US)	Dec-04	16.1	2.7
Foster's Group (AU)	Southcorp (AU)	May-05	18.2	3.5
Lanson-BCC (FR)	Lanson International (FR)	Jan-06	20.8	2.3
Constellation Brands (US)	Vincor International (CA)	Jun-06	16.3	2.6
Vranken Pommery (FR)	Camarguaise de Participations (FR) (2)	Dec-09	15.1	1.3
Advini (già JeanJean) (FR)	Laroche (FR)	Jan-10	37.5	2.0
Vina Concha y Toro (CL)	Fetzer Vineyard (US)	Apr-11	7.7	1.6
Constellation Brands (US)	50,1% di Ruffino (IT)	Oct-11	7.3	2.0
MEDIA			17.8	2.5

(1) Acquired by Pernod Ricard during 2005.
(2) Domaines Listel's shareholder
EV= Enterprise Value

Table 8 – Ownership structure

Company	Main shareholders (1)	Stocks (%)
Constellation Brands (US)	Public company	-
Treasury Wines Estates (AU)	Public company	-
Australian Vintage (AU)	Public company	-
Distell Group (ZA)	Remgro-Capevin Investments Limited (*)	57.90
	Gruppo SabMiller	28.90
Yantai Changyu Pioneer Wine (CN)	Yantai Changyu Group Co. Ltd (2)	50.40
Vina Concha Y Toro (CL)	Guilisasti Family	26.78
	Alfonso Larrain	10.87
	Marin Estevez	8.77
	de Santiago Concha Family	3.67
Vina Santa Rita (CL)	Compañía Electro Metalúrgica S.A. (**)	78.62
Vranken-Pommery (FR)	Compagnie Pour le Haut Commerce (3)	70.89
Sektkellerei Schloss (DE)	Günther Reh AG (4)	70.20
Laurent Perrier (FR)	Nonancourt Family	56.99
Lanson-BCC (FR)	Paillard Family	41.75
	Baijot Family	21.03
	Roques-Boizel Family	17.08
Andrew Peller (CA)	Peller Family	35.16
Vina San Pedro Tarapaca (CL)	Compagnia Cervecerias Unidas (**) (5)	50.01
	Compania Chilena de Fosforos	30.00
Advini (FR)	Jeanjean Family	49.80
	Laroche Family	10.00

(1) Including shares controlled indirectly.

(2) Percentage share of entire company share capital (class A and B shares). Yantai Changyu Group Co. is in turn owned by Yantai Yuhua Investment & Development Ltd (45%), Illva Saronno Investments – Reina family – (33%), Sasac Yantai – Yantai municipality – (12%).

(3) Owned as to 80% by Vranken Family.

(4) Owned by Reh Family.

(5) Owned as to 66.1% by Inversiones Y Rentas, in turned owned 50:50 by the Heineken Group and Quiñenco S.A; the latter is the Luksic family's holding company.

(*) Company listed in the Johannesburg Stock Exchange.

(**) Company listed in the Santiago de Chile Stock Exchange.

Table 9 – Vineyards (2011)

	Vineyards: owned and/or leased hectares										
Company	**Argentina**	**Australia**	**Canada**	**Chile**	**China**	**France and rest of Europe**	**New Zealand**	**South Africa**	**USA**	**Total**	**hectares abroad as a % of total**
Yantai Changyu Pioneer Wine (CN) (1)	-	-	-	-	16,700	-	-	-	-	16,700	-
Treasury Wine Estates (AU)	-	8,056	-	-	-	100	300	-	2,500	10,956	26.5
Vina Concha Y Toro (CL) (2)	1,134	-	-	8,802	-	-	-	-	453	10,389	15.3
Constellation Brands (US)	-	-	728	-	-	486	1,619	-	4,897	7,730	36.6
Distell Group (ZA)	-	-	-	-	-	-	-	5,004	-	5,004	-
Vina San Pedro Tarapaca (CL)	532	-	-	4,015	-	-	-	-	-	4,547	11.7
Vranken-Pommery (FR) (3)	-	-	-	-	-	4,335	-	-	-	4,335	5.8
Vina Santa Rita (CL)	675	-	-	3,212	-	-	-	-	-	3,887	21.0
Advini (FR) (4)	-	-	-	150	-	1,281	-	69	-	1,500	14.6
Laurent Perrier (FR) (5)	-	-	-	-	-	1,400	-	-	-	1,400	-
Australian Vintage (AU) (6)	-	778	-	-	-	-	-	-	-	778	-
Andrew Peller (CA)	-	-	367	-	-	-	-	-	-	367	-
Lanson-BCC (FR) (6)	-	-	-	-	-	117	-	-	-	117	-
Sektkellerei Schloss (DE)	-	-	-	-	-	36	-	-	-	36	-
TOTALE	**2,341**	**8,834**	**1,095**	**16,179**	**16,700**	**7,755**	**1,919**	**5,073**	**7,850**	**67,746**	
as a % of total vineyards	3.5	13.0	1.6	23.9	24.7	11.4	2.8	7.5	11.6	100.0	

(1) Of which 2,161 hectares in development.
(2) Our estimates.
(3) Of which 2,100 hectares for champagne (250 hectares owned and 1,850 hectares under supply contracts), 2,000 hectares for the production of rosé wines, and 250 hectares for Porto wines.
(4) Vineyards in Chile in joint-venture with Vina Santa Carolina.
(5) Exclusively vineyards available to the group under supply contracts; the group's own vineyards, the extent of which is unknown, account for some 11% of production
(6) Own vineyards only. Australian Vintage has leases outstanding for the supply of approx. 45,000 tonnes of Australian grapes.

Diagram 1 – Vineyards owned by the leading wine-makers (hectares in 2011)

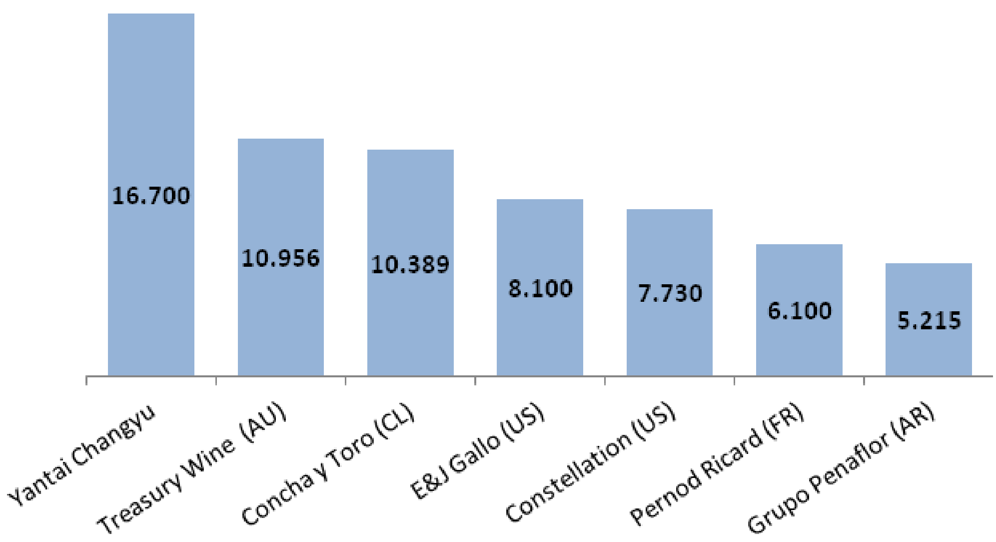

Table 10 – Sales by geographical area (2011)

Società	North America (1)	Central and South America	Europe	Asia, Australia and New Zealand	Rest of World	Total	Domestic sales	Export
				(as a % of net sales)				
Vina Concha Y Toro (CL)	21.4	38.6	33.1	6.0	1.0	100.0	21.9	78.1
Sektkellerei Schloss (DE)	-	-	100.0	-	-	100.0	33.6	66.4
Laurent Perrier (FR)	-	-	83.3	-	16.7	100.0	34.3	65.7
Treasury Wine Estates (AU)	42.1	-	15.1	42.8	-	100.0	36.5	63.5
Vina San Pedro Tarapaca (CL) (2)	11.0	52.3	24.7	6.4	5.7	100.0	39.2	60.8
Australian Vintage (AU)	8.0	-	42.7	43.6	5.7	100.0	43.6	56.4
Vina Santa Rita (CL) (2)	20	52.3	22.8	-	5.4	100.0	45.8	54.2
Lanson-BCC (FR)	1.0	-	95.4	2.9	0.6	100.0	59.8	40.2
Advini (FR)	4.7	-	87.7	7.6	-	100.0	60.2	39.8
Vranken-Pommery (FR)	4.2	-	93.5	1.4	0.9	100.0	63.1	36.9
Distell Group (ZA) (3)	-	-	-	-	100.0	100.0	72.5	27.5
Constellation Brands (US)	96.3	-	-	3.1	0.7	100.0	80.1	19.9
Andrew Peller (CA)	96.0	-	-	-	4.0	100.0	96.0	4.0
Yantai Changyu Pioneer Wine (CN)	-	-	-	100.0	-	100.0	100.0	-
Totale	**37.4**	**5.6**	**23.4**	**18.7**	**14.9**	**100.0**	**61.6**	**38.4**

(1) For Lanson-BCC and Vranken Pommery included Central and South America.
(2) Our estimates.
(2) In 2011 about 91% of Distell's net sales came from Africa.

II.4 - Global wine industry share price index (2001-12/3/13)

The Mediobanca global wine industry share price index is comprised of 51 stocks representing 46 issuers listed on the leading stock markets worldwide, bearing in mind that five of them list two different categories of shares.[1] Of these companies, 8 are French, 7 Chinese, 5 Australian, 4 Chilean, 4 Spanish, 3 North American, 2 German, 2 from New Zealand, 2 Greek, 1 South African, 1 British, 1 Israeli 1 Austrian, 1 Polish, 1 Bulgarian, 1 Argentinian, 1 Lithuanian and 1 Russian. A further eighteen stocks now delisted have previously been included in the index up until the dates of their respective delistings and/or when trading was suspended on them, ten of which have been acquired by other groups.[2] Following the recent listings of China Tontine Wines and China Ouhua Winery Holding (in November 2009 and November 2010 respectively), a total of seven Chinese companies are now included in the index, a number exceeded only by France.[3] Records have also been kept of various other listed producers in eastern European countries, which, however, have not been included in the index because it has not been possible to obtain historical series for their stock market data.[4]

Compared to last year there has been one addition in the form of the newly-listed Russian group Abrau-Durso (April 2012), and Australian company Prince Hill Wines has been readmitted to listing as PHW Consolidated, after trading was suspended on 15 March 2012. The sample also includes 18 stocks (equal to 4.3% of the overall market capitalization) which, despite being traded on official markets, show insufficient continuity in terms of volumes traded, with days on which no stocks were traded making up more than 30% of the total number of trading days covered. The three largest listed groups, US-based Constellation Brands, Treasury Wine Estates of Australia and Chinese group Yantai Changyu account for the majority of the index's performance, with an aggregate weight of over 60% of the overall market capitalization. Of the other companies, only South African group Distell's and Chilean wine-maker Vina Concha Y Toro have market capitalizations of above €1bn (€1.9bn and €1.2bn respectively).

The four main countries, i.e. Australia, China, the U.S. and Chile, represented 76% of the total market capitalization.[5] The North American companies have returned to the head of the rankings by market

[1] Data recorded as at 12 March 2013. For a more indepth description of the index and the calculation methodology employed, please see the document *Mediobanca Global Wine Industry Share Price Index*, Mediobanca Research Department, December 2004; (www.mbres.it). Since the 2005 edition, shares subsequently delisted have also been included in the basket.

[2] These are:

- 6 US companies: Robert Mondavi (acquired by Constellation Brands, also of the U.S., in 2004), Golden State Vintners (acquired by The Wine Group LLC in 2004), Chalone Vineyard (acquired by Diageo in 2005), Asconi and Scheid Vineyards (no longer included in the index because its shares trade only in an OTC segment, starting from March and May 2006 respectively) and Cosentino Signature Wines (which entered liquidation in January 2011, having previously been listed in London);
- 5 Australian companies: Cockatoo Ridge Wines (which was suspended from trading in December 2009 and has been in receivership since January 2010), Southcorp (which was merged into Foster's Group, also of Australia, in June 2006), Evans & Tate (acquired in 2007 by McWilliam's Wines Group), Peter Lehmann Wines (acquired in 2004 by the Hess Group of Switzerland), and Foster's Group (acquired in December 2011 by British group SabMiller);
- 2 Canadian companies: Vincor International (acquired in June 2006 by Constellation Brands), and Magnotta Winery (bought back in full by the family owners in January 2012);
- 1 Chilean company: Undurraga (delisted in 2006);
- 1 French company: Laroche (which was merged into Jeanjean – now Advini – also of France, in January 2010);
- 1 Spanish company: Federico Paternina (delisted in January 2010 after a public tender offer was launched by parent company Inversora Mer);
- 1 Indian company: Indage Vintners (suspended from trading on 24 February 2011);
- 1 New Zealand company: Oyster Bay Marlborough Vineyards (acquired in February 2011 by Delegat's Group, also of New Zealand).

[3] As well as the two companies already mentioned, the Chinese groups included here are: Yantai Changyu Pioneer Wine Company, Dynasty Fine Wines, Tonghua Grape Wine Co., Citic Guoan Wine and Jlf Investment (listed in Hong Kong). The share capital of Yantai Changyu Group Company Ltd is made up of category A shares (50.4%, listed since 21 March 2006 but only freely traded since March 2011) and category B shares, also listed. Dynasty Fine Wines has been listed on the Hong Kong stock market since January 2005. It was set up in 1980 as a Chinese/French joint venture with the involvement of Remy Cointreau. China Ouhua Winery Holding has its registered office in Singapore and is listed on the Kuala Lumpur (MY) stock market, but its production activities are based in China.

[4] Chiefly Serbian company Navip Zemun, Todoroff Wine Cellar of Bulgaria and the Rumanian groups Vinaria Sibiu and Roni Vin Panciu; equally, Thang Long Wine of Vietnam, a producer of wine, vodka and other alcoholic drinks (which also produces containers and packaging) has been excluded due to insufficient information.

[5] Some 84% is attributable to the 14 companies included in the aggregate of largest wine-making companies still listed in mid-March 2013.

capitalization with €6.9bn (31% of the aggregate total), overtaking China (22%) which in turn was ahead of Australia (15%) and Chile (8%) (Diagram 2).

After having increased for five years in a row from 2003, to reach 230.6, in 2008 in 2008 the Mediobanca wines index too was hit by the global financial crisis, retreating by 30.5% (a smaller reduction than the 38.3% shed by the global stock market index), taking it back to 2005 levels at 160.2. With improvements of around 20% in 2009 and 2010, the index recorded a new high just above the one posted in 2007, and then, with more modest increases in 2011, 2012 and the first quarter of 2013 (2.3%, 6.1% and 8.6% respectively), the index closed on 12 March 2013, at 275.5, the highest level recorded in the period. The increase in relative terms (versus all world stock markets) was 100.5% (Table 11 and 12).

The most significant changes in price in the entire period were those recorded by the North American companies, which put on 343%, the Australian groups (203%), the Chilean wine-makers (118%) and the French groups (109%). The Chinese companies, which until 2011 had reported the highest growth since 2001 (182%), slowed in 2012 (down 33.6%), bringing their growth since the start of the period down to 73%; while the Spanish groups were the ones which showed the smallest increases (49.5%). The trend for the aggregate of "residual" companies (Argentina, Germany, Greece, Israel, South Africa, United Kingdom, Austria, Poland, Bulgaria, Lithuania and Russia) was also very positive, with an index reading in mid-March 2013, which was more than nine times higher than the values it reported in January 2001. This trend is chiefly due to South African group Distell (which had a market capitalization of €1.9bn as at mid-March 2013); net of which, the increase for the aggregate halves, to 445,6%, a performance which is still far better than that of the other companies.

In relative terms, i.e. net of trends on national stock markets, the rankings change at least partially: the best indicators are still those provided by the North American wine-makers (up 193%), followed by the French companies (105%); the Australian groups showed a 10% increase, the Spanish operators were only marginally positive (1.9%), while the Chilean and Chinese companies showed major reductions, having been crushed by the euphoric performances of their own national stock markets.

As for more recent trends, wine-makers underperformed international stock markets in the first two and a half months of 2013 (Table 14). In a scenario where global stock markets recovered appreciably (up 9.9%), the increase in the Australian and North American wine-makers' index readings also continued (up 25.4% and 22.2% respectively); whereas negative performances relative to December 2012 were reported by the Chinese companies (down 7.9%) and the French wine-makers (down 0.8%), compared with increases of between 5% and 6% delivered by the Chilean and Spanish operators.

In order to assess the risk associated with wine companies' stocks, we have calculated the Beta coefficient for these shares compared with their respective national stock markets.[6] The Spanish and French companies showed the lowest average values, the North American ones the highest, exceeding par at end-December 2012. With coefficient readings below 0.5 at all times, adding stocks represented in the Mediobanca global wine index to a portfolio would have provided investors with protection against the fall on stock markets (Table 15).

Dwelling for a moment, finally, on the stock market multiples reflected by listed wine companies, the Chinese companies stand out in this respect, with values which are virtually double the average for all the indicators chosen, an indication of their generous valuations compared to their western competitors (Table 17).

[6] If the ß coefficient is above 1, the stock will move more than the benchmark index, both upwards and downwards. Where ß is in a range between 0 and 1, the value of the stock will move less than the benchmark index in both directions. If ß is negative, the stock will move in the opposite direction to the index.

Table 11 – Mediobanca share price indexes of wine-making companies: comparison with indexes for markets on which they are listed

	Mediobanca TR wines index	TR market index (MSCI)	Mediobanca wines index (deflated)
	Indexes as at 12 March 2013, base 2/1/2001=100		
	(a)	*(b)*	*(a/b*100)*
Australia	302.5	274.5	110.2
Chile	217.8	475.3	45.8
China	172.6	372.9	46.3
France	208.8	101.8	205.0
North America	442.6	151.0	293.2
Spain	149.5	146.7	101.9
Other countries	997.8	-	-
World (local currency)	**275.5**	**137.4**	**200.5**

Table 12 – Mediobanca share price indexes of wine-making companies (as at 12 March 2013, total return version)

	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009	Dec. 2010	Dec. 2011	Dec. 2012	Mar. 2013
	base 2/1/2001=100												
Australia	120.7	102.3	95.5	130.3	128.0	164.0	159.6	137.7	144.3	156.2	182.8	241.2	302.5
Chile	129.6	143.0	144.8	191.1	181.9	185.4	225.0	204.2	221.7	237.3	212.6	207.7	217.8
China	76.7	58.0	57.3	56.8	62.5	149.0	259.7	126.4	246.8	302.1	282.1	187.4	172.6
France	81.9	97.3	103.0	117.2	155.0	234.6	384.8	169.9	177.3	250.7	229.3	210.4	208.8
North America	124.8	129.0	173.6	241.2	260.2	298.5	243.7	163.4	165.5	228.1	214.7	362.3	442.6
Spain	102.4	99.3	114.4	116.5	128.1	147.3	161.8	133.1	121.2	145.3	140.3	141.6	149.5
Other countries	138.6	157.0	191.8	277.5	361.0	472.3	560.3	398.2	533.1	678.5	682.2	954.0	997.8
World (local currency)	**117.5**	**108.3**	**114.0**	**153.0**	**159.1**	**207.5**	**230.6**	**160.2**	**196.0**	**233.5**	**239.0**	**253.6**	**275.5**
MSCI World (local currency)	*86.1*	*65.6*	*82.4*	*92.1*	*107.2*	*124.5*	*130.9*	*80.8*	*102.2*	*113.0*	*107.4*	*125.0*	*137.4*

Table 13 – Mediobanca share price indexes of wine-makers (total return version, deflated)

	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009	Dec. 2010	Dec. 2011	Dec. 2012	Mar. 2013
					base 2/1/2001=100								
Australia	108.3	101.3	83.5	89.9	70.3	73.1	61.0	83.5	63.9	68.7	90.1	98.5	110.2
Chile	115.8	146.2	97.6	106.4	90.4	68.5	71.9	78.9	57.6	46.2	46.6	45.6	45.8
China	101.9	89.6	47.4	46.1	42.5	55.2	57.7	57.4	68.9	80.3	91.8	49.6	46.3
France	99.7	176.3	159.1	163.6	169.8	212.1	338.8	248.0	200.4	273.8	288.5	218.9	205.0
North America	142.1	189.2	197.4	247.4	250.0	248.4	190.6	201.8	160.2	191.4	178.7	261.4	293.2
Spain	109.1	146.6	127.5	108.0	98.2	84.1	82.1	107.2	69.5	98.7	103.8	101.6	101.9
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-
World (local currency)	**136.5**	**164.9**	**138.4**	**166.1**	**148.4**	**166.7**	**176.1**	**198.3**	**191.7**	**206.7**	**222.5**	**202.8**	**200.5**

Table 14 – Mediobanca share price indexes of wine-makers (total return version): % changes vs December of previous year (2001-12 March 2013)

	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009	Dec. 2010	Dec. 2011	Dec. 2012	Mar. 2013
Australia	20.6	-15.2	-6.7	36.5	-1.8	28.1	-2.7	-13.7	4.8	8.3	17.0	32.0	25.4
Chile	29.6	10.3	1.3	32.0	-4.8	1.9	21.3	-9.2	8.6	7.0	-10.4	-2.3	4.8
China	-23.3	-24.4	-1.1	-1.0	10.1	138.3	74.3	-51.3	95.3	22.4	-6.6	-33.6	-7.9
France	-18.1	18.7	5.9	13.8	32.3	51.3	64.1	-55.8	4.3	41.4	-8.5	-8.2	-0.8
North America	24.8	3.4	34.6	38.9	7.9	14.7	-18.4	-32.9	1.3	37.8	-5.9	68.8	22.2
Spain	2.4	-3.0	15.1	1.9	9.9	15.0	9.8	-17.7	-8.9	19.9	-3.5	0.6	5.6
Other countries	38.6	13.2	22.2	44.6	30.1	30.8	18.6	-28.9	33.9	27.3	0.5	39.8	4.6
World (local currency)	**17.5**	**-7.9**	**5.3**	**34.2**	**4.0**	**30.4**	**11.1**	**-30.5**	**22.3**	**19.2**	**2.3**	**6.1**	**8.6**
MSCI World (local currency)	-13.9	-23.8	25.5	11.8	16.3	16.1	5.2	-38.3	26.5	10.6	-5.0	16.4	9.9

Table 15 – Beta coefficients

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	**Average value**
Australia	0.512	0.335	0.533	0.542	0.578	0.729	0.684	0.409	0.351	0.327	0.412	**0.492**
Chile	0.435	0.338	0.327	0.395	0.418	0.220	0.680	0.262	0.410	0.595	0.537	**0.420**
China	0.068	0.065	-0.020	0.136	0.411	0.360	0.367	0.304	0.330	0.361	0.242	**0.239**
France	0.121	0.072	0.117	0.034	0.120	0.152	0.372	0.236	0.205	0.272	0.289	**0.181**
North America	0.282	0.383	0.352	0.168	0.712	0.637	0.851	0.724	0.676	0.904	0.983	**0.607**
Spain	0.110	0.003	0.066	0.073	0.129	0.113	0.163	0.119	0.058	-0.009	0.049	**0.079**
Other countries	-	-	-	-	-	-	-	-	-	-	-	-
World (local currency)	**0.094**	**0.149**	**0.124**	**0.278**	**0.413**	**0.422**	**0.461**	**0.281**	**0.216**	**0.320**	**0.287**	**0.277**

Table 16 – Companies included in Mediobanca wine-makers' index: market capitalization

		12/03/2013 (EUR m)
1	CONSTELLATION BRANDS (US)	6,110,265
2	YANTAI CHANGYU PION.WINE (CN)	3,307,076
3	TREASURY WINE ESTATES (AU)	3,000,110
4	DISTELL GROUP (ZA)	1,872,865
5	VINA Y CONCHATORO (CL)	1,204,948
6	CITIC GUOAN WINE (CN)	535,330
7	LAURENT PERRIER (FR)	375,778
8	HAWESKO HOLDING (DE)	375,003
9	MAJESTIC WINE (GB)	316,511
10	BARON DE LEY (ES)	254,172
11	VINA SANTA RITA (CL)	236,042
12	DELEGAT'S GROUP (NZ)	219,301
13	VINA SAN PEDRO (CL)	209,743
14	LANSON-BCC (FR)	207,421
15	CIA.VINICOLA DEL NORTE DE E. (ES)	206,625
16	VRANKEN-POMMERY (FR)	196,616
17	TONGHUA GRAPE WINE (CN)	188,703
18	DYNASTY FINE WINES (CN)	177,958
19	BODEGAS ESMERALDA (AR)	164,932
20	ABRAU DYURSO (RU)	146,802
21	CHINA TONTINE WINES (CN)	129,549
22	ANDREW PELLER (CA)	116,866
23	ADVINI (FR)	112,322
24	POL ROGER (FR)	79,950
25	SEKTKELLEREI SCHLOSS (DE)	69,062
26	JLF INVESTMENT (CN)	58,645
27	EMILIANA (CL)	57,034
28	AMBRA (PL) (1)	54,816
29	AUSTRALIAN VINTAGE (AU)	48,306
30	SCHLUMBERGER (AT)	40,650
31	FOLEY FAMILY WINES (NZ) (EX THE NEW ZEALAND WINES)	28,899
32	BODEGAS RIOJANAS (ES)	23,936
33	BODEGAS BILBAINAS (ES)	18,159
34	BARKAN (IL)	17,849
35	CHINA OUHUA WINERY HOLDING (CN)	17,326
36	WILLAMETTE VINEYARDS (US)	16,234
37	HENRI MAIRE (FR)	12,286
38	COTTIN FRERES (FR)	8,990
39	LOMBARD ET MEDOT (FR)	8,289
40	KTIMA KOSTAS LAZARIDIS (GR)	6,006
41	BRAND NEW VINTAGE (AU)	4,186
42	VINZAVOD-ASENOVGRAD (BG)	2,407
43	J BOUTARIS & SON HLDG (GR)	1,970
44	DROMANA ESTATE (AU)	1,193
45	PHW CONSOLIDATED (AU) (EX PRINCE HILL WINES)	1,120
46	COMPANY GROUP ALITA (LT)	563
	TOTAL	20,242,814
	Total North America	6,243,366
	Total China	4,414,587
	Total Other countries	3,317,635
	Total Australia	3,054,915
	Total Chile	1,707,767
	Total France	1,001,652
	Total Spain	502,891
	TOTAL	20,242,814

(1) German Sektkellerei Schloss holds 61% of Ambra shares.

Tab.17 - Stock market multiples (2011)

	Market capitaliz. (1)	Net equity	EBIT	Earnings	P/Net Equity	P/Ebit	P/E
		€'000					
Dromana Estate	1,285	303	-234	-234	4.2	neg.	neg.
Brand New Vintage	1,403	2,529	335	4	0.6	4.2	356.9
Australian Vintage	37,252	186,174	19,300	5,555	0.2	1.9	6.7
Treasury Wines Estates	2,238,870	2,310,226	178,889	70,659	1.0	12.5	31.7
Total Australia	**2,278,810**	**2,499,232**	**198,290**	**75,984**	**0.9**	**11.5**	**30.0**
Willamette Valley Vineyards	11,277	12,701	1,159	663	0.9	9.7	17.0
Constellation Brands	3,278,017	2,068,166	415,874	343,921	1.6	7.9	9.5
Andrew Peller	110,658	91,224	18,315	9,838	1.2	6.0	11.2
Total North America	**3,399,952**	**2,172,091**	**435,349**	**354,423**	**1.6**	**7.8**	**9.6**
Lanson-BCC	269,789	193,264	46,367	20,770	1.4	5.8	13.0
Cottin Freres	8,108	14,682	1,059	587	0.6	7.7	13.8
Henri Maire	8,241	6,427	-1,405	-3,582	1.3	neg.	neg.
Advini	85,130	58,549	5,529	3,758	1.5	15.4	22.7
Laurent Perrier	474,731	278,930	43,870	21,670	1.7	10.8	21.9
Vranken-Pommery Monopole	182,253	307,231	33,098	8,829	0.6	5.5	20.6
Total France	**1,028,252**	**859,083**	**128,518**	**52,032**	**1.2**	**8.0**	**19.8**
Baron De Ley	215,195	175,292	24,901	10,085	1.2	8.6	21.3
Bodegas Riojanas	26,698	25,329	1,761	710	1.1	15.2	37.6
CIA.Vinicola Del Norte De Espana	214,689	102,574	9,055	4,782	2.1	23.7	44.9
Bodegas Bilbainas	18,159	43,724	2,079	1,544	0.4	8.7	11.8
Total Spain	**474,741**	**346,919**	**37,796**	**17,121**	**1.4**	**12.6**	**27.7**
Emiliana	43,078	46,009	-154	221	0.9	neg.	194.9
Vina Santa Rita	211,456	224,636	12,621	9,184	0.9	16.8	23.0
Vina San Pedro Tarapaca	214,500	278,252	13,344	19,823	0.8	16.1	10.8
Vina Concha y Toro	1,077,365	593,014	59,706	75,659	1.8	18.0	14.2
Total Chile	**1,546,399**	**1,141,912**	**85,518**	**104,886**	**1.4**	**18.1**	**14.7**
Yantai Ghangyu Pioneer Wine	6,158,651	631,215	304,620	233,761	9.8	20.2	26.3
Dynasty Fine Wines	233,682	203,132	1,917	425	1.2	121.9	550.4
Tonghua Grape Wine	109,657	16,779	1,554	479	6.5	70.6	229.1
China Tontine Wines	190,511	220,804	35,508	23,145	0.9	5.4	8.2
China Ouhua Winery Holding	41,942	72,317	11,269	7,346	0.6	3.7	5.7
Citic Guoan Wine	577,162	168,779	-12,039	-22,510	3.4	neg.	neg.
JLF Investment	85,246	72,151	8,370	4,535	1.2	10.2	18.8
Total China	**7,396,851**	**1,385,177**	**351,198**	**247,181**	**5.3**	**21.1**	**29.9**
Distell Group (ZA)	1,675,538	592,004	125,567	92,442	2.8	13.3	18.1
Sektkellerei Schloss (DE)	61,243	139,259	19,774	8,785	0.4	3.1	7.0
Hawesko Holding (DE)	313,521	95,741	26,710	17,860	3.3	11.7	17.6
Ktima Kostas Lazaridis (GR)	3,093	37,527	50	-671	0.1	61.9	neg.
J Boutaris & Son Holding (GR)	3,850	12,206	-1,762	-2,643	0.3	neg.	neg.
Foley Family Wines (NZ)	4,592	5,671	-2,521	-3,185	0.8	neg.	neg.
Delegat's Group (NZ)	160,228	110,611	26,000	15,206	1.4	6.2	10.5
Majestic Wine (UK)	324,575	91,554	28,039	20,014	3.5	11.6	16.2
Barkan Wine Cellars (IL)	21,917	23,157	4,675	2,446	0.9	4.7	9.0
Schlumberger (AT)	43,044	50,512	4,264	2,990	0.9	10.1	14.4
Ambra (PL)	34,733	52,516	6,947	3,596	0.7	5.0	9.7
Vinzavod-Asenovgrad (BG)	2,630	8,659	69	-58	0.3	38.4	neg.
Bodegas Esmeralda (AR)	131,121	68,927	22,054	11,871	1.9	5.9	11.0
Total Other countries	**718,248**	**405,936**	**92,047**	**56,065**	**1.8**	**7.8**	**12.8**
Total Wine-makers	**16,843,254**	**8,810,349**	**1,328,716**	**907,691**	**1.9**	**12.7**	**18.6**
Total Wine-makers (excluding China)	**9,446,403**	**7,425,172**	**977,517**	**660,510**	**1.3**	**9.7**	**14.3**

(1) Average market capitalization recorded during the last month of the company's financial year.

Diagram 2 – Weightings in Mediobanca global index: 12 March 2013

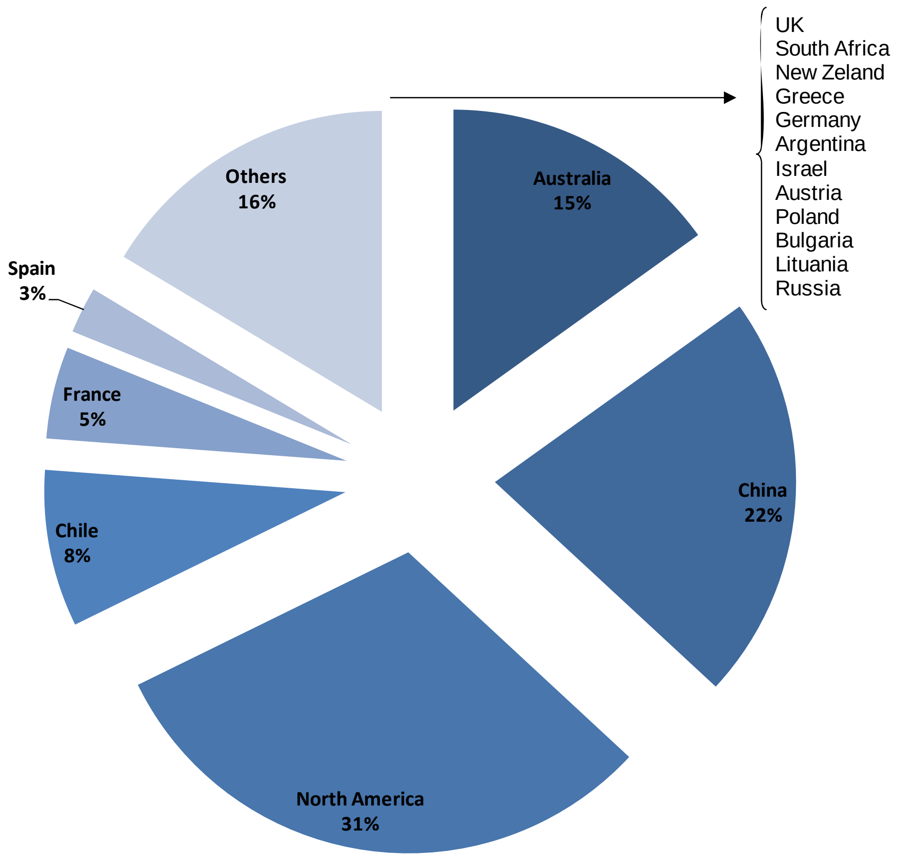

Diagram 3 – Mediobanca global index: 2/1/01 – 12/3/13