



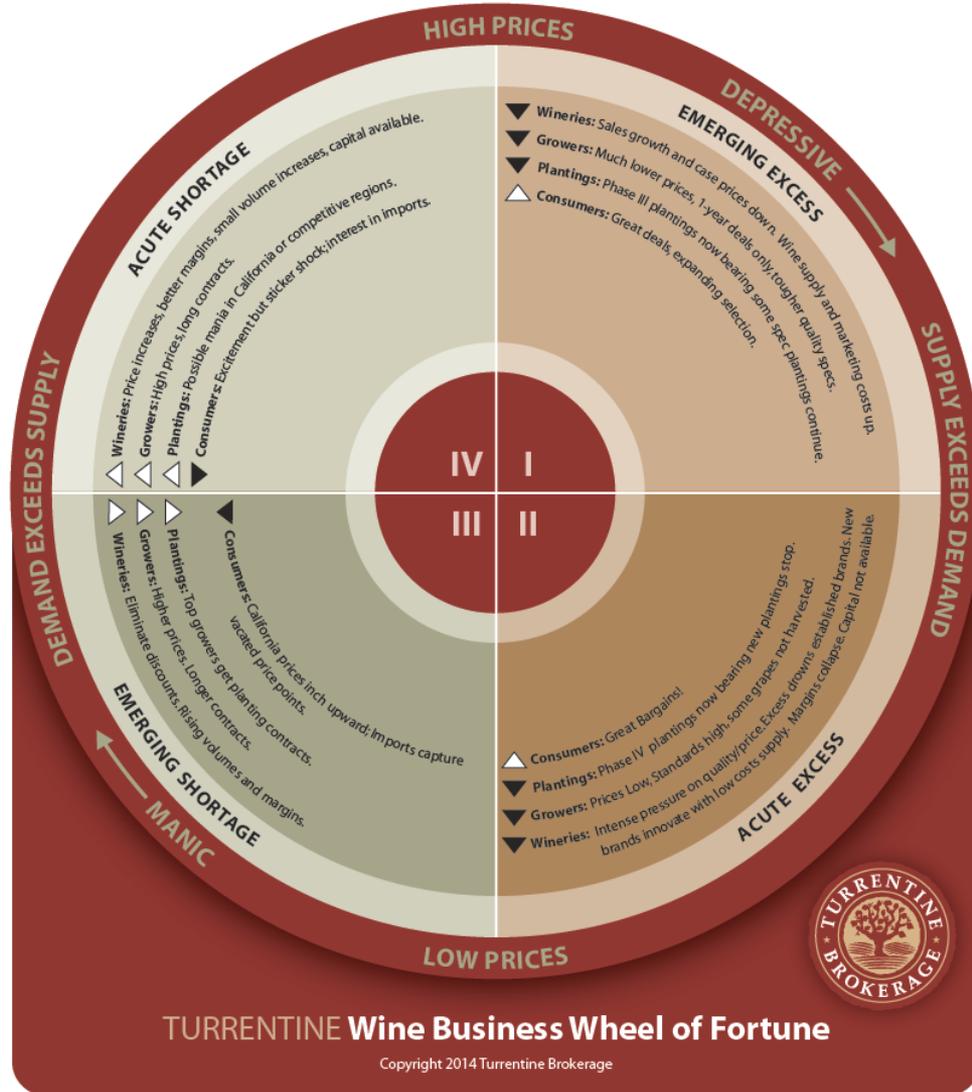
# State of the Industry

Steve Fredricks, President



# Road Map

- Short vs. Long-term Trends
- International Update
- Domestic Key Varietals



**TURRENTINE Wine Business Wheel of Fortune**



# Industry Trends

## Short-Term

- Tale of two markets
  - Q1&2 inventory hangover
  - Q3&4 balancing
- Value market slow

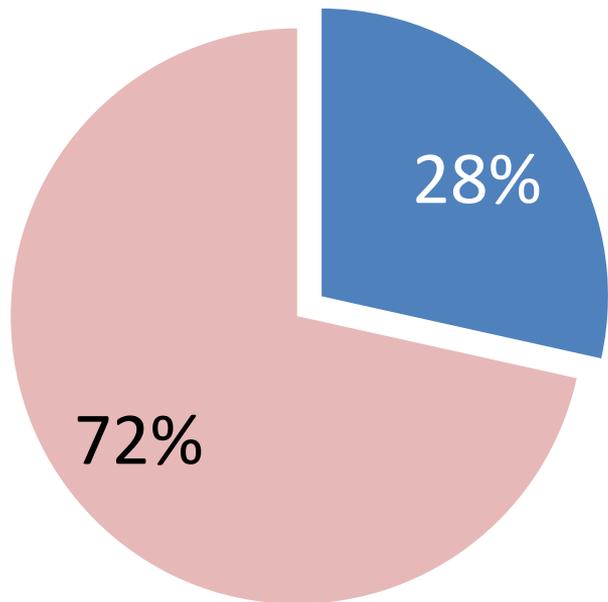
## Long-Term

- Water policy
- Alternate crops
- Labor
- Consolidation
- DTC growth
- Craft competition
- Evolution of quality
- Above \$10

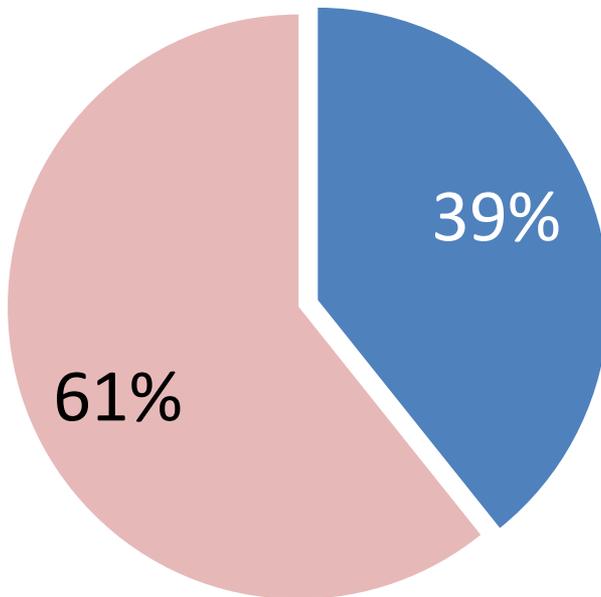


# Red Blend Supply Transitioning for Increased Quality

**2011**



**2014**



■ Petite Sirah,  
Petite Verdot,  
Malbec

■ Barbera,  
Carignane,  
Grenache,  
Ruby Cab



Italy

Spain

- Value demand down
- Prosecco growth
- Increased red quality
- Lack of confidence

# France

- Balanced supply
- Institutional investment



# AUSTRALIA

A kangaroo is lying on a sandy beach, looking towards the left. In the background, there is a clear blue sky, a turquoise ocean with white waves, and a rocky coastline. The word 'AUSTRALIA' is written in large, stylized letters at the top. The letters 'A', 'U', 'S', 'T', 'R', 'A', 'L', and 'A' are green, while 'I', 'R', 'A', and 'I' are yellow. The 'I's have downward-pointing arrows. A green semi-transparent box on the right contains a bulleted list of market challenges.

- Continued challenged market
- Alternative crops
- Institutional investment

# ARGENTINA

- Global demand for value wine down
- Political change
- Plenty of Malbec



# Chile

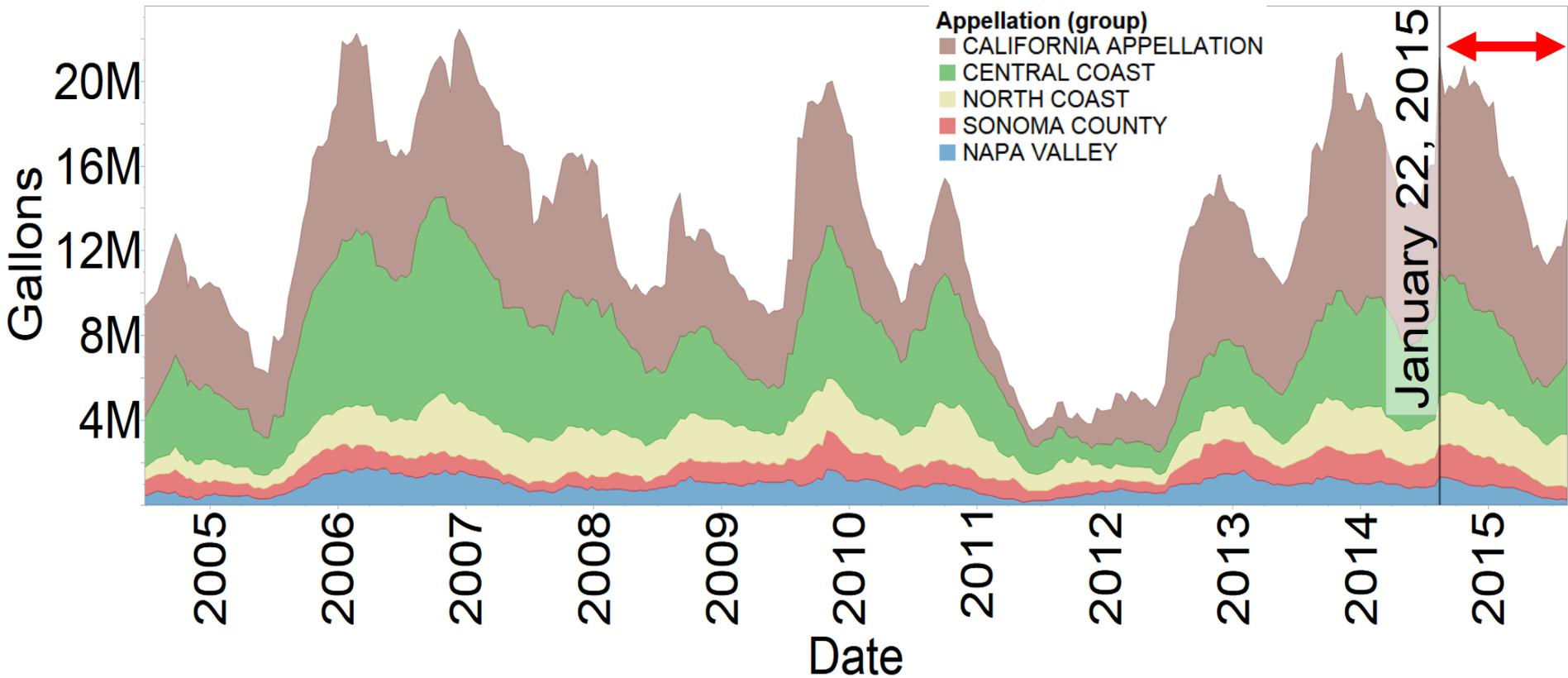
- Good supplies/low prices
- Alternate crops
- Desire to move up price-scale

# California





# Bulk by Region

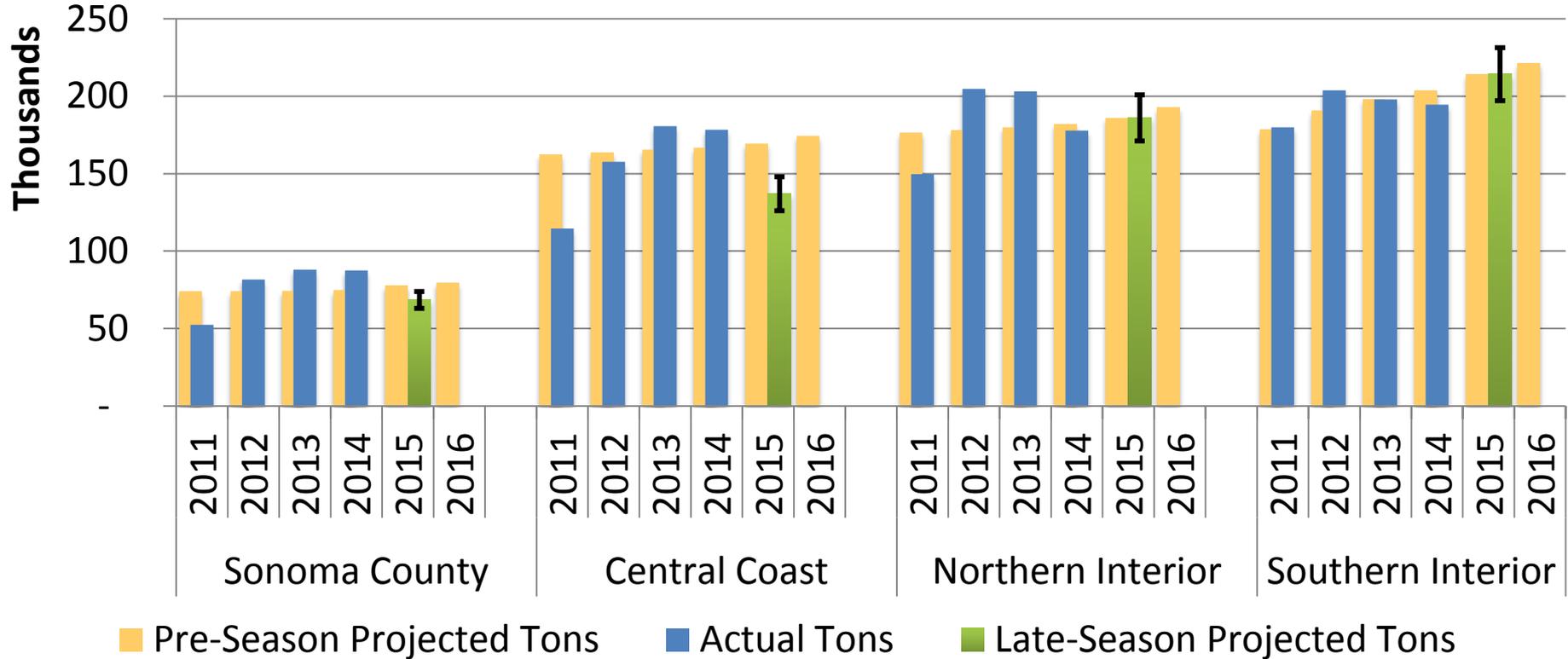




# Chardonnay



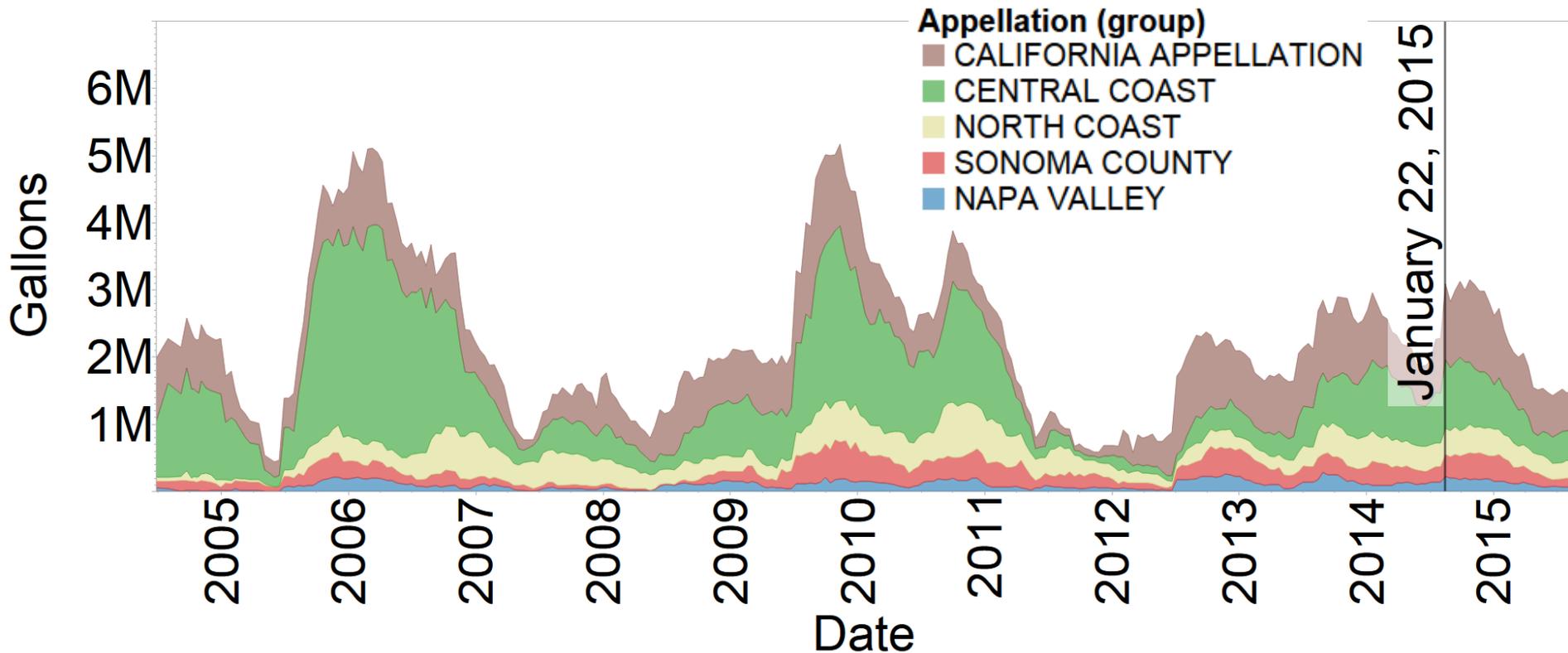
# Chardonnay Competitive Supply





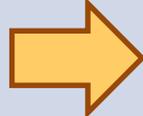
# Chardonnay

## Bulk Gallons Actively for Sale





# Recent Bulk Chardonnay Sales

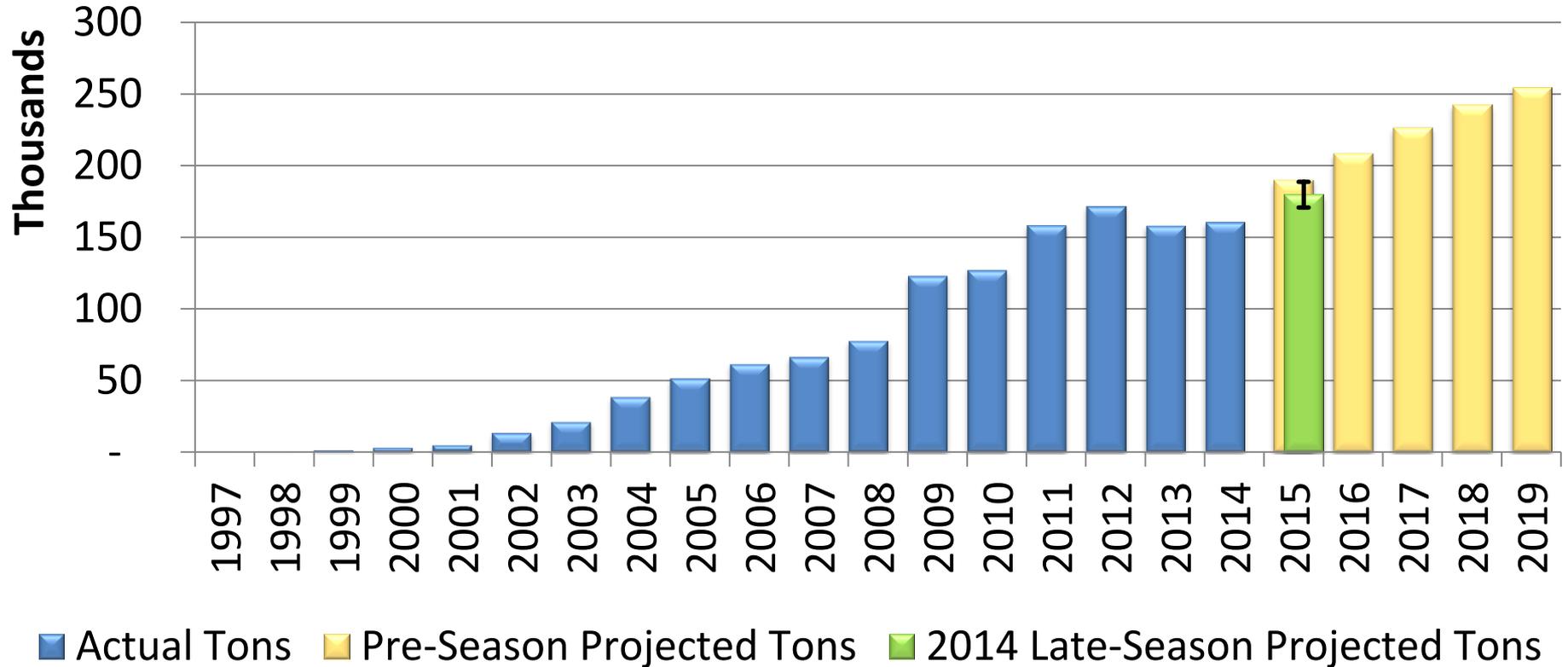
Region/Vintage	Price per Gallon	Price Trend vs. 1 Year Ago
Sonoma Co.	\$15 to \$16	
Monterey Co.	\$12 to \$13	
California App.	\$4.50 to \$5.50	



# Pinot Grigio



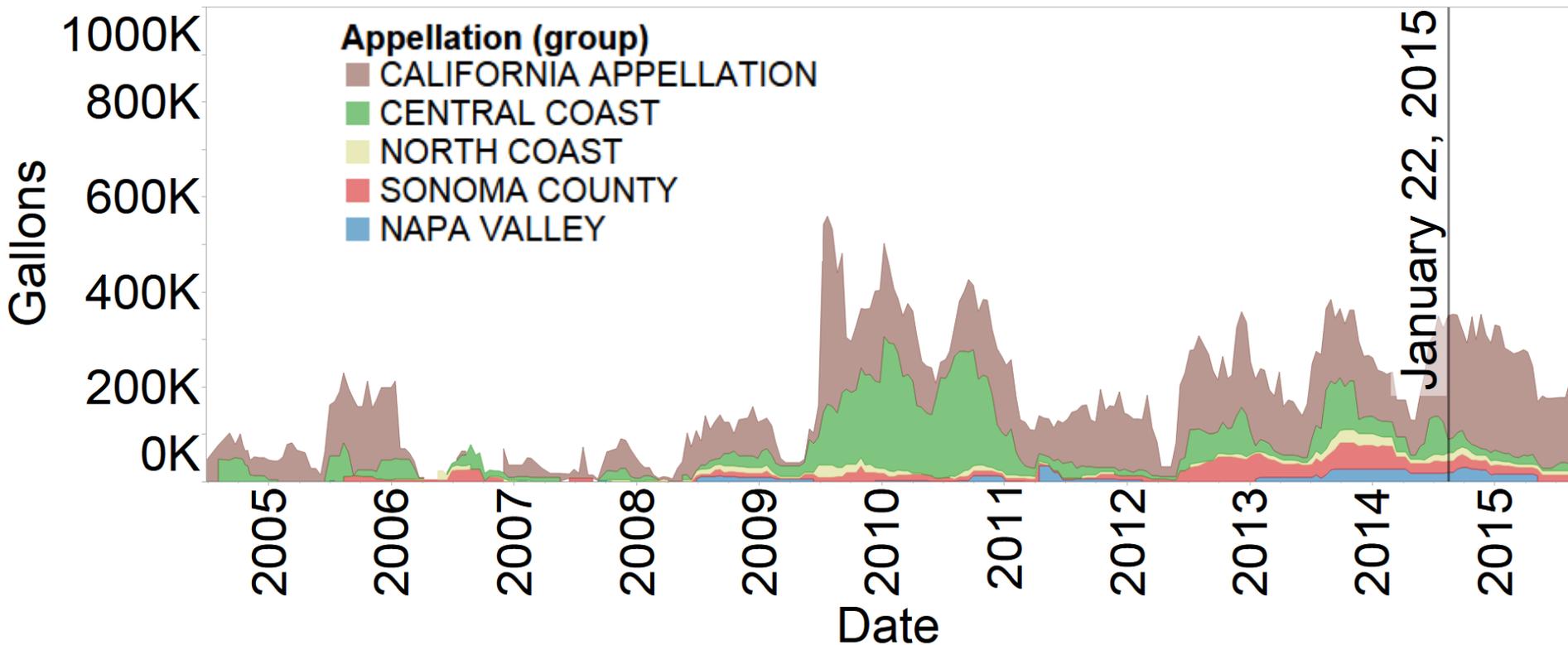
# California Appellation Pinot Grigio Tons Crushed





# Pinot Grigio

## Bulk Gallons Actively for Sale

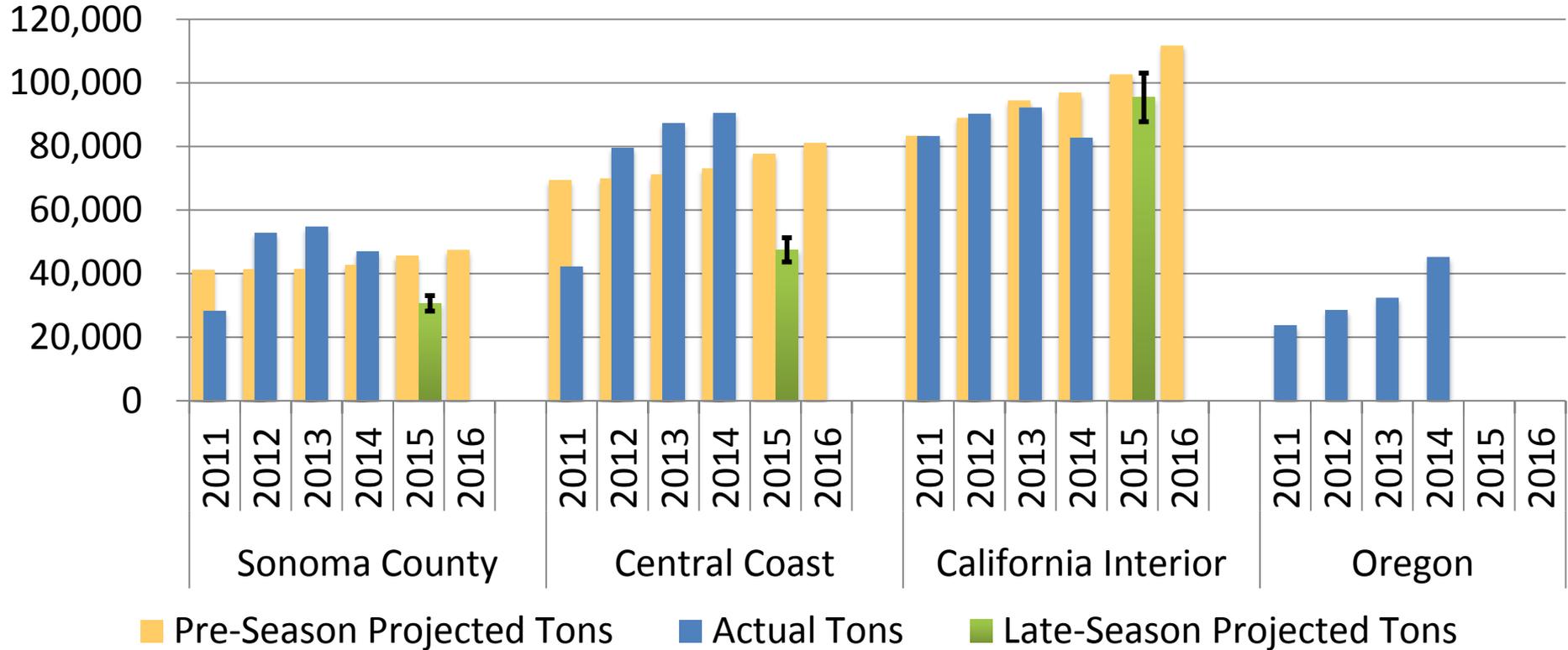




# Pinot Noir



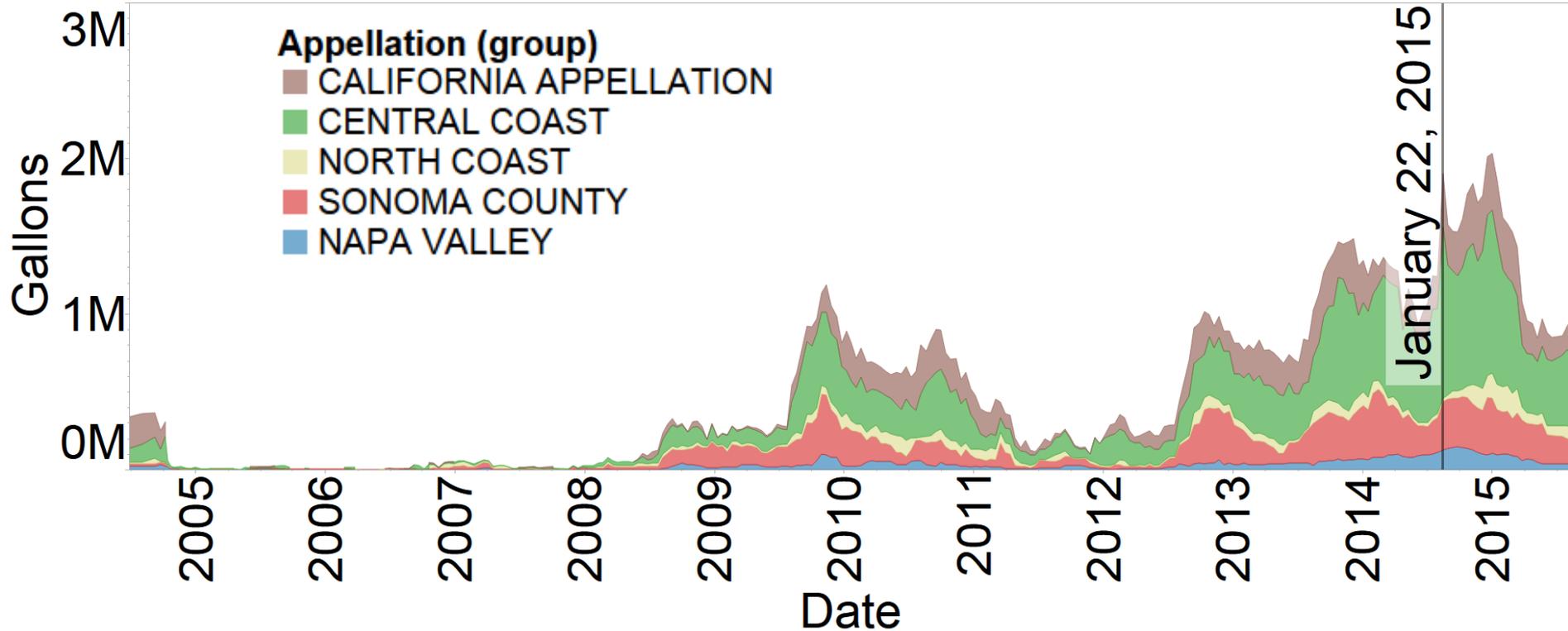
# Pinot Noir Competitive Supply





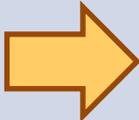
# Pinot Noir

## Bulk Gallons Actively for Sale





# Recent Bulk Pinot Noir Sales

Region/Vintage	Price per Gallon	Price Trend vs. 1 Year Ago
Sonoma Co.	\$18 to \$25	
Monterey Co.	\$12 to \$14	
California App.	\$7 to \$9	

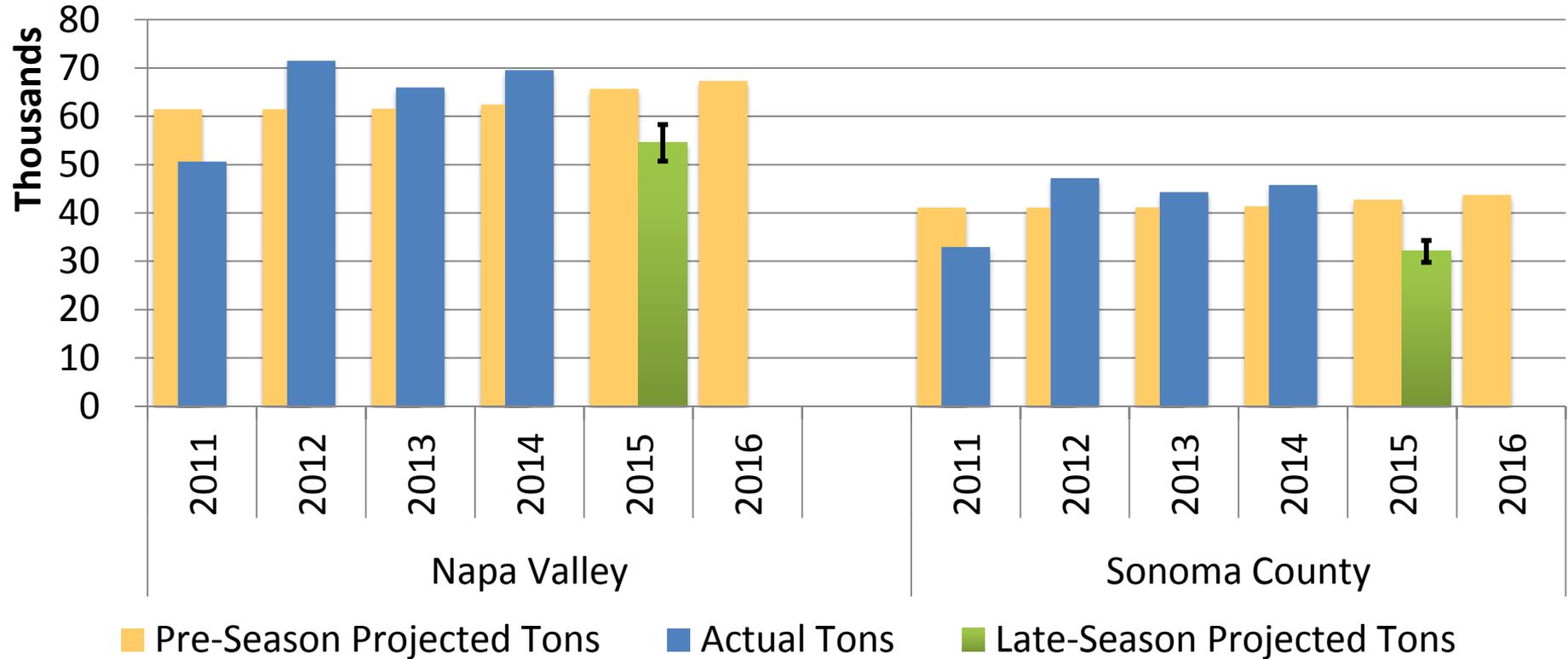


# Cabernet Sauvignon



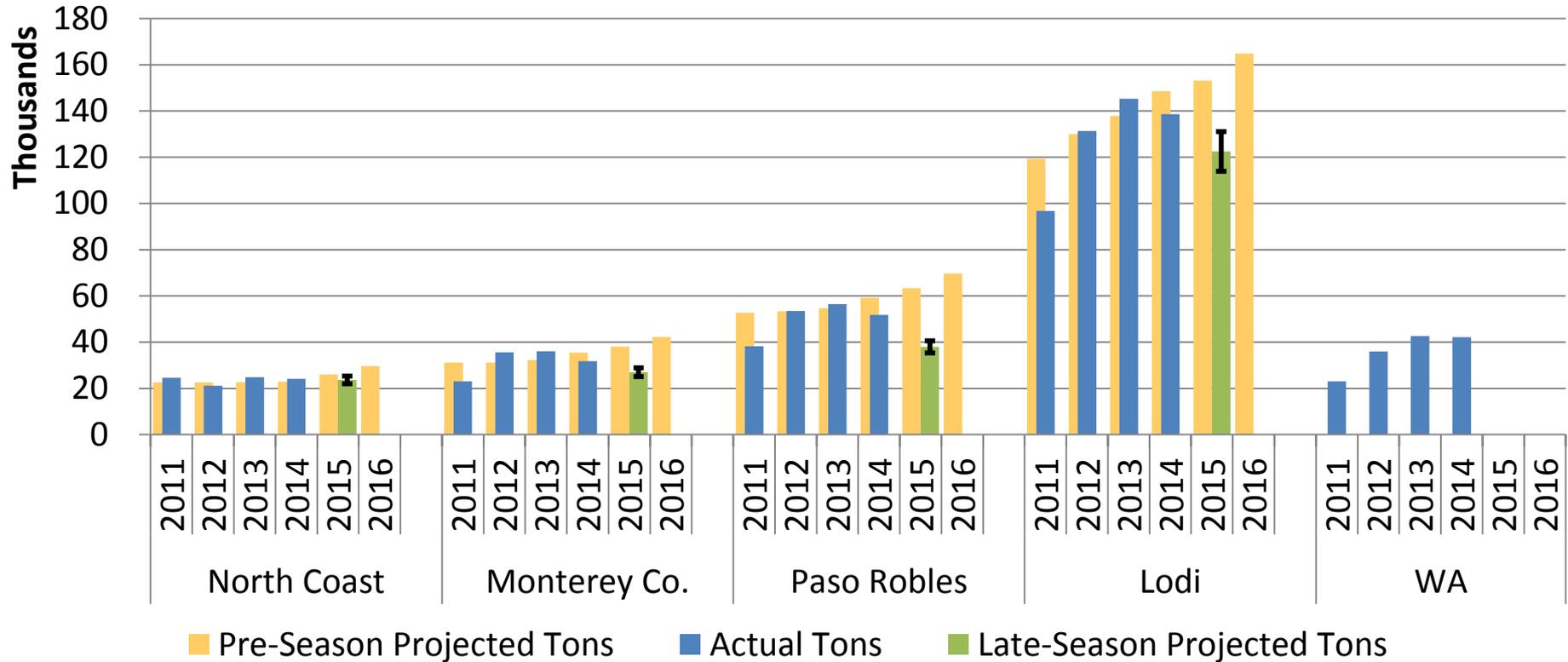


# Cabernet Sauvignon Luxury Competitive Supply



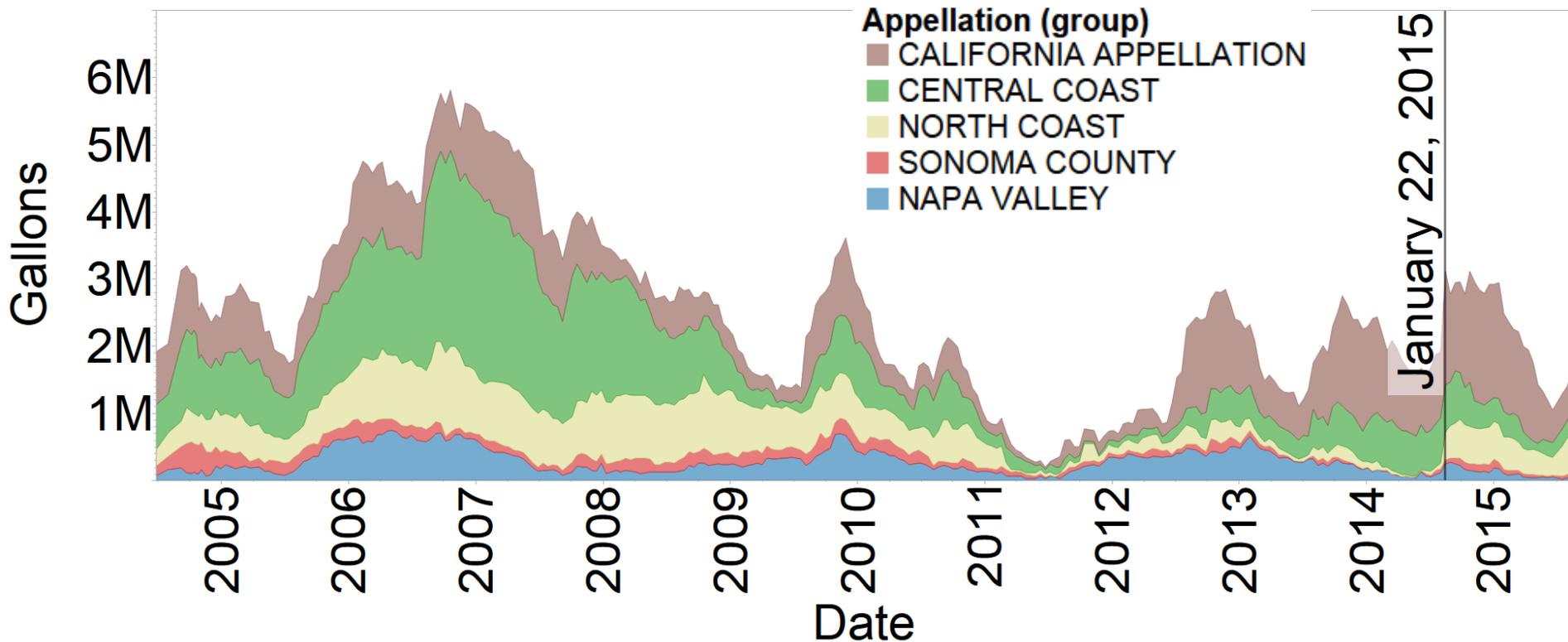


# Cabernet Sauvignon Competitive Supply



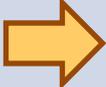


# Cabernet Sauvignon Bulk Gallons Actively for Sale





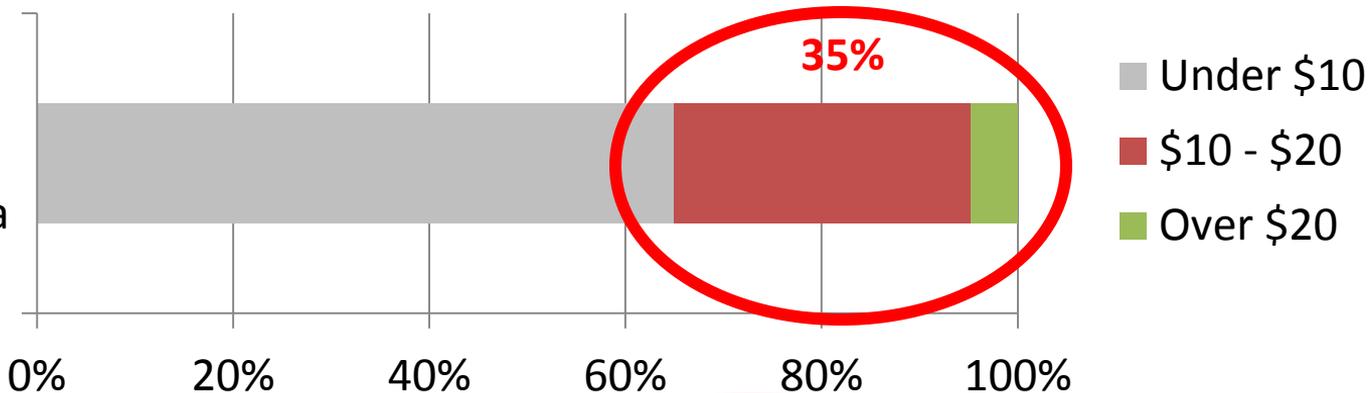
# Recent Bulk Cabernet Sauvignon Sales

Region/Vintage	Price per Gallon	Price Trend vs. 1 Year Ago
Napa Valley	\$35 to \$45	
Sonoma County	\$25 to \$30	
North Coast	\$15 to \$17	
Central Coast (Paso)	\$18 to \$20	
California App. (Lodi)	\$7 to \$8	

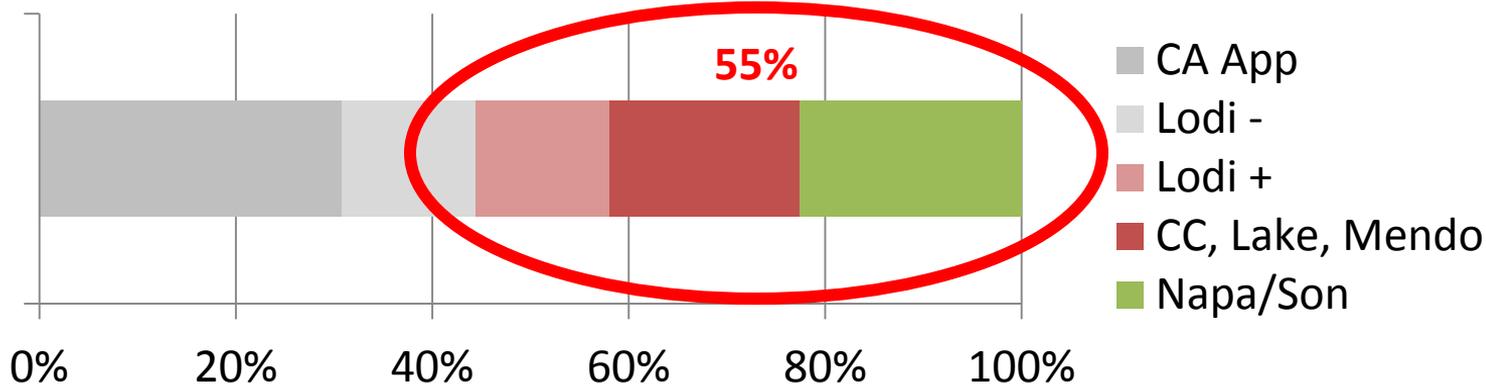


# Cabernet Sauvignon Tons by Region vs. Price Point

Eq Case Volume  
Nielsen Scan Data



2014 Tons Crushed





# State of the Industry

Steve Fredricks, President

- Competition
- Alternative Crops
- Evolution of Quality
- Cycles Happen