

Oaklins

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# Austrian Wine Industry

Introduction to the Austrian Wine Market

BEVERAGE INDUSTRY EXPERTS | M&A-ADVISORY

## Oaklins - Your M&A advisor in the food and beverage industry

- Oaklins for many years has been a trusted M&A advisory (for both company acquisitions and sales) for companies in the food industry
- Execution of over 350 M&A transactions in the food industry worldwide
- Excellent relations with key players in the industry
- Global reach through locations in more than 40 countries leads to the best possible results for our clients
- Personal support throughout the entire process

As one of the leading M&A advisory firms in Austria and as part of the TJP Group, Oaklins Austria has successfully advised on more than 80 national and cross-border transactions since its foundation in 2010. Through the merger with Oaklins International, the world's most experienced M&A advisory firm in the mid-market segment, we are now able to offer our clients global advisory expertise in 43 countries with now more than 800 M&A experts working internationally in specialized industry teams.

In addition to pure corporate finance projects, Oaklins Austria also offers consulting services in auditing and tax consulting as well as in the areas of restructuring, strategy and organizational consulting, forensics and human resources.

ITALIAN WINE BRANDS

GIORDANO

has acquired

**Svinando**  
WWW.SVINANDO.COM

M&A BUY-SIDE  
Food & Beverage

vspt.wine.group

Chile, San Pedro, Tarapacá, Leyda, Santa Helena, Misiones de Bango, Warner, Casa Rova, Argentina, La Celia, Temari

has sold a 12.5% stake to

洋河酒厂  
YANGHE

US\$65m  
M&A SELL-SIDE  
Agriculture/Food & Beverage

1758  
ESTERHÁZY  
AUSTRIA

has completed a valuation as base for strategic decisions

VALUATION  
Food & Beverage

Agrícola Victoria

has completed a syndicated loan for the agri division owned by Almonacid

RESTRUCTURING  
Agriculture

**Wally's**

has been acquired by

Maurice and Paul Marciano

M&A SELL-SIDE  
Food & Beverage

WTV

has sold

naked

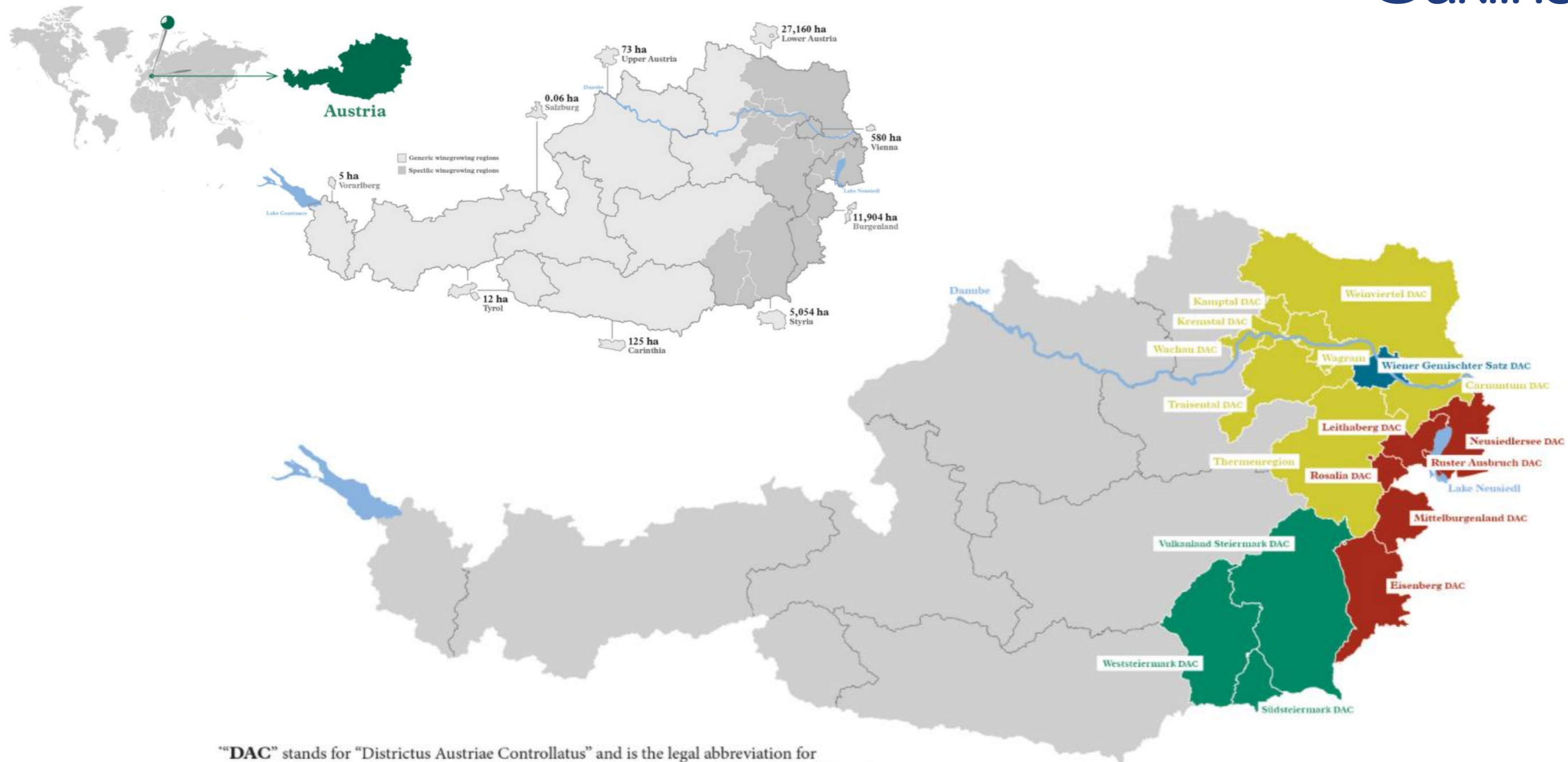
to

**Majesticwine**

M&A SELL-SIDE  
Consumer & Retail/Food & Beverage/TMT

# AUSTRIAN WINEGROWING REGIONS

AND THEIR PROTECTED DESIGNATIONS OF ORIGIN FOR REGIONALLY TYPICAL WINE (DAC)



“DAC” stands for “Districtus Austriae Controllatus” and is the legal abbreviation for special regionally typical quality wines. Thus, if a label states the winegrowing region followed by the letter combination DAC (e.g. “Kamptal DAC”) we are talking about a regionally typical quality wine.

# INTERESTING FACTS ABOUT AUSTRIAN WINEGROWING

**44,912 ha**

**1%** of worldwide wine production



**~ 4,000**

**Bottlers > 5,000 l**

**16%**



Organic & biodynamic farming

**14.7%**



Certified sustainable farming

**~ 2.36 Mio. hl**

Annual average harvest

**2.4 Mio. hl**

Harvest 2020



Export 2020

**187.3 Mil. €**

**67.6 Mil. L**

**69%**

White Wine



**31%**

Red Wine

Top grape varieties  
(vineyard area)

**32.5%** Grüner Veltliner

**6.6%** Welschriesling

**13.9%** Zweigelt

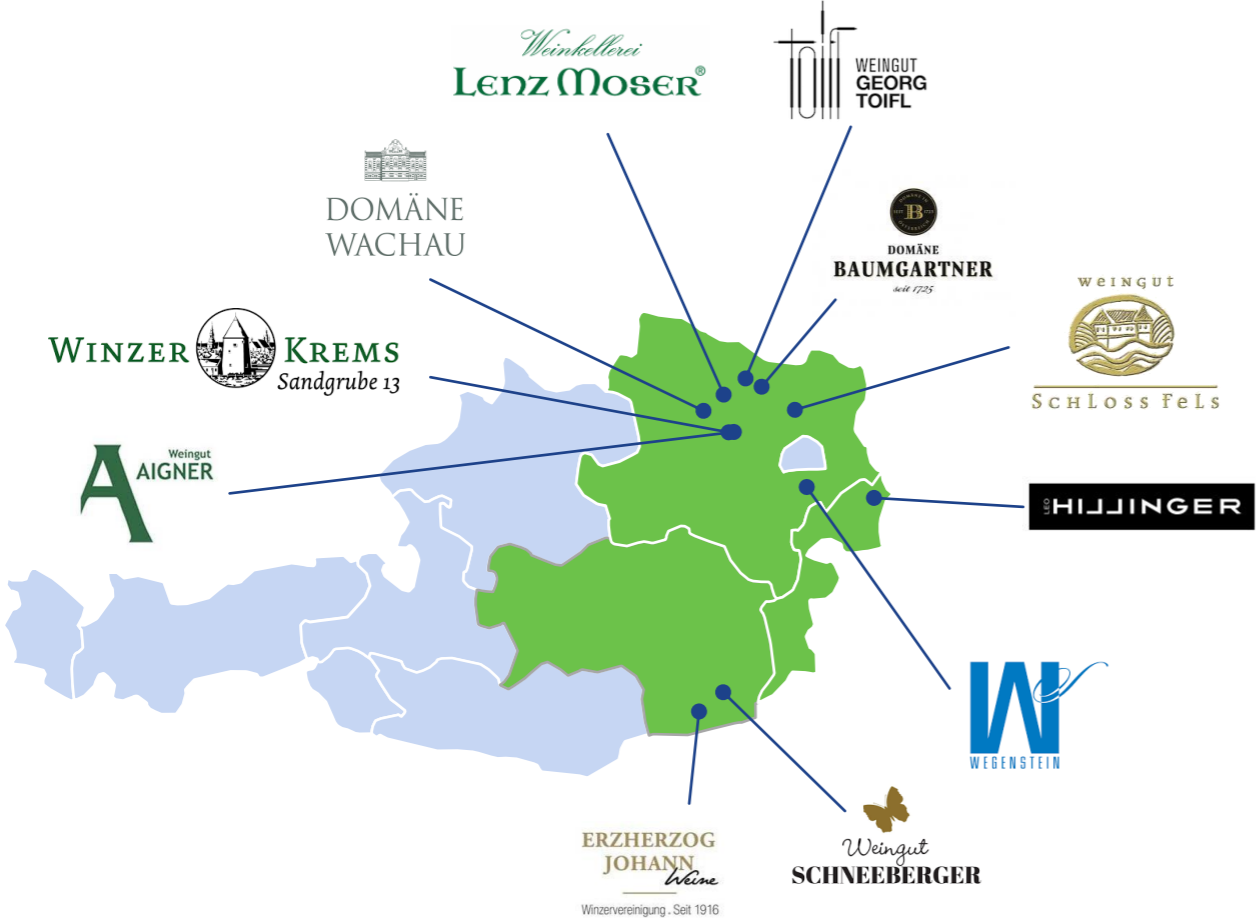
**5.9%** Blaufränkisch

The largest wine producers in Austria

Selected players (producers, distributors) in the Austrian wine industry



The biggest wine bottlers in the Austrian wine industry



## Selected players in the Austrian wine industry

Producer

Distributor



Name  
Headquarters  
Management

Weinkellerei Lenz Moser AG  
Rohrendorf bei Krems  
Walter Holzner / Andreas Pirschl

Owner  
Revenue 2020  
EBITDA 2020

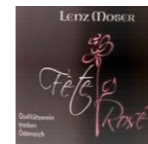
VOG AG, Linz (Traun)  
40 mEUR  
3,3 mEUR

### SELECTED BRANDS

Wine



Weinkellerei  
**LENZ MOSER**



Lenz Moser  
RESERVE  
CARPE DIEM



### KEY FACTS

- Largest producer of Austrian Wine: 17 Mio. bottles/year (2020)
- Market leader terms of sales quantity with 6.3% market share (2020)
- 74 ha own area under cultivation + 1200 ha from contractors
- 25% export quota

## Selected players in the Austrian wine industry

Producer

Distributor



Name  
Headquarters  
Management

Wegenstein Gesellschaft m.b.H.  
Wiener Neudorf  
Michael Sorre / Herbert Toifl

Owner  
Revenue 2020

BILLA AG / Wiener Neudorf  
28,62 mEUR

### SELECTED BRANDS

Wine



### KEY FACTS

- Second largest producer of Austrian Wine: 12 Mio. bottles/year (2020)
- Fully owned by BILLA AG (part of the REWE group)
- Second largest brand share in Austrian market at 3.4% (2020)
- Austria's first sustainable wines



## Selected players in the Austrian wine industry

Producer

Distributor



Name  
Headquarters  
Management

Schlumberger Wein- und Sektkellerei AG  
Wien  
Dr. Arno Lippert / Herbert Jagersberger

Owner  
Revenue 2020

MBev Holding AG, CH  
165,9 mEUR

### SELECTED BRANDS

Sparkling  
Wine



Wine



Spirits



Non-  
alcoholic



### KEY FACTS

- Market leader in the sparkling wine (“Sekt”) segment (2020)
- Third highest sales in wine distribution (2020)

## Selected players in the Austrian wine industry

**Producer**

Distributor



Name  
Headquarters  
Management

Weinvertrieb Ing. W. Baumgartner Gesellschaft m.b.H. & Co KG  
Unter-Markersdorf  
Ing. Wieland Baumgartner

Owner

Ing. Wolfgang Baumgartner

### SELECTED BRANDS

Wine



### KEY FACTS

- Family business of the Baumgartner family
- One of the largest wineries in Austria: 195 ha
- Tank volume of about 15 million liters grapes
- Continued strong focus on exports

## Selected players in the Austrian wine industry

Producer

Distributor



Name  
Headquarters  
Management

MORANDELL INTERNATIONAL GMBH  
Woergl  
Christoph Morandell / Mario Morandell

Owner  
Revenue <sub>2020</sub>  
EBITDA <sub>2020</sub>

MCS / CHM / P. Morandell  
76 mEUR  
5,82 mEUR

### SELECTED BRANDS

Sparkling Wine					
Wine					
Beer					
Spirits					
Non-alcoholic					

### KEY FACTS

- One of the leading distributors of wine in Austria
- Range includes over 3.100 domestic and 1.200 international wines
- Portfolio offers over 1.000 beer brands and 1.900 branded spirits
- Own their own winery called „Privatkellerei Morandell“

## Selected players in the Austrian wine industry

Producer

Distributor



Name  
Headquarters  
Management

Del Fabro & Kolarik GmbH  
Wien  
Franz del Fabro / Gerfried Kusatz

Owner  
Revenue 2020  
EBITDA 2020

Ottakringer Getränke AG (61,8%)  
39,5 mEUR  
-1,7 mEUR

### SELECTED BRANDS

Sparkling Wine



Wine



Beer



Spirits



Non-alcoholic



### KEY FACTS

- Large distributor to bars and gastronomy
- Del Fabro offers more than 8.000 bevarages
- Formed through a merger of the family companies Del Fabro (25.3%) and Kolarik & Leeb (12,9%)

## Selected players in the Austrian wine industry

Producer

Distributor

**WEIN  
& CO**

Name  
Headquarters  
Management

Wein & Co Handelsgesellschaft m.b.H.  
Voesendorf  
Wilhelm Klinger

Owner  
Revenue <sub>2020</sub>  
EBITDA <sub>2020</sub>

Hawesco Holding AG  
40,2 mEUR  
(0,2 mEUR)

### SELECTED BRANDS

Sparkling  
Wine

  
**BRÜNDLMAYER**

  
*Schlumberger*  
seit 1842  
METHODE TRADITIONNELLE

  
**LOIMER**

  
**HARKAMP**

Wine

**SCHEIBLHOFER**  
THE WINE

Erwin  
**S A B A T H I**  
WEINGUT

**WOHLMUTH®**

  
DOMÄNE WACHAU

Beer

  
**Sieg!**

SEIT  1601  
**TRUMER**

  
**Brew  
Age**

*Kiesbye*

Spirits

  
**HENDRICK'S**  
G I N

*Ron  
Zacapa*  
Centenario

  
**BELUGA**  
NOBLE RUSSIAN VODKA

  
REISETBAUER Brand

Non-  
alcoholic

  
**S. PELLEGRINO**

  
THOMAS HENRY  
AUTHENTIC FLAVOUR

  
**FEVER-TREE**

*Peter Spanton*  
DRINKS

### KEY FACTS

- Austria's most popular wine distributor
- Focus on fine-wine concept and premium products
- Operates 21 stores in Austria, 7 of those include a bar
- Hawesco acquired Wein & Co in 2018 for around EUR 10 Mio.

## Exemplary parker scores\* of selected Austrian wines

Producer	Vintage	Wine	RP
	2018	Grüner Veltliner Smaragd Wachstum Bodenstein	98
	2018	Bründlmayer Riesling Zöbinger Ried Heiligenstein Alte Reben IÖTW	97+
	2018	F X Pichler Grüner Veltliner Unendlich	(96-98)+
	2018	Rudi Pichler Ried Achleithen Grüner Veltliner Trockenbeerenauslese	97+
	2015	Sauvignon Blanc Ried Zieregg IZ	94



- The best performing wines come from small wineries
- Large players' product portfolios typically are comprised by affordable to medium-priced wines with mid- to lower range parker ratings

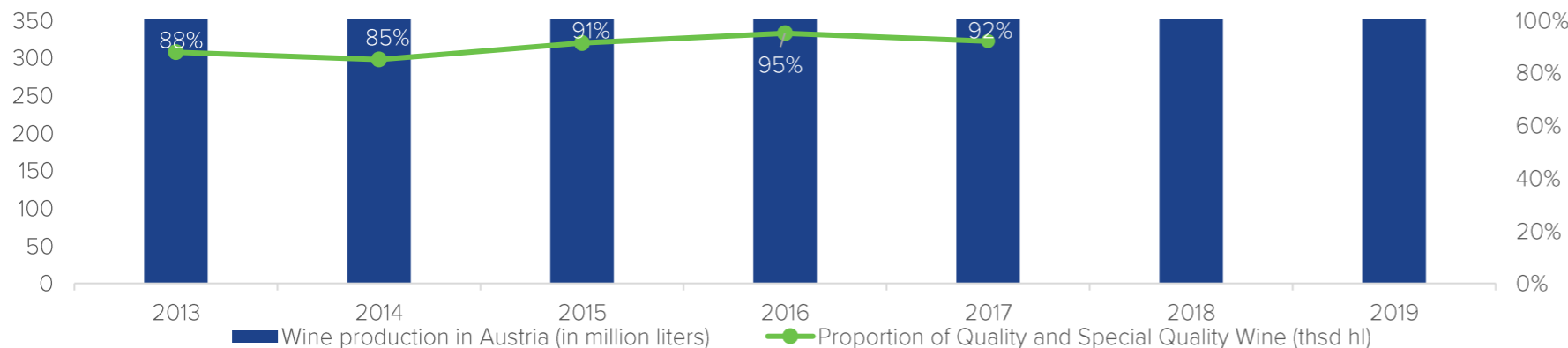
## Key indicators of Austrian wine-growing regions (2019)

Region	Area under cultivation (hectares)	Output (Mio liters)	White wine	Red and rosé wine
<b>Burgenland</b>	<b>5,781</b>	<b>57</b>	<b>45%</b>	<b>55%</b>
Lake Neusiedl	3,980	35	52%	48%
Leithaberg	1,429	11	58%	42%
Mittelburgenland	176	10	7%	93%
Eisenberg	196	2	30%	70%
<b>Lower Austria</b>	<b>21,728</b>	<b>149</b>	<b>78%</b>	<b>22%</b>
Thermenregion	1,025	7	55%	45%
Kremstal	2,219	13	82%	18%
Kamptal	3,196	18	81%	19%
Wagram	2,172	14	79%	21%
Traisental	718	4	84%	16%
Carnuntum	410	4	48%	52%
Wachau	1,264	7	93%	7%
Weinviertel	10,701	82	78%	22%
Other	22	0	84%	16%
<b>Styria</b>	<b>3,893</b>	<b>24</b>	<b>78%</b>	<b>22%</b>
Southern Styria	2,144	12	86%	14%
Western Styria	195	3	35%	65%
Vulkanland Steiermark	1,554	9	82%	18%
<b>Austria</b>	<b>32,020</b>	<b>232</b>	<b>70%</b>	<b>30%</b>

## Market structure of Austrian wine production

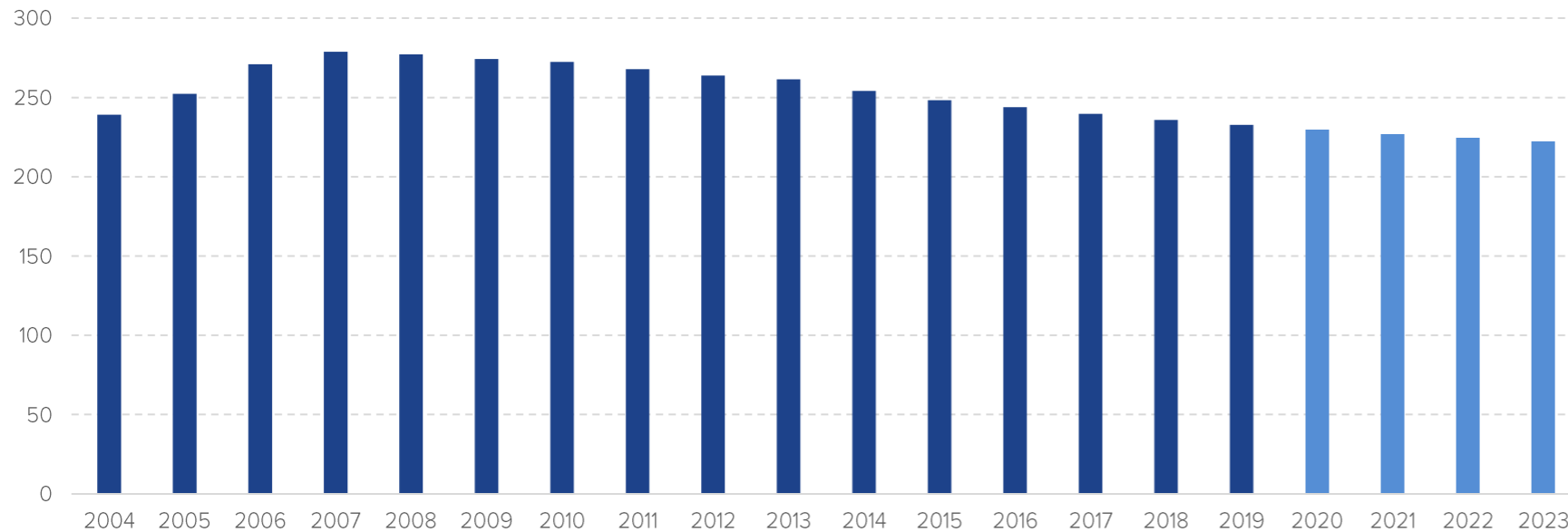
- Wine production takes place almost exclusively in the three winegrowing of Burgenland, Lower Austria and Styria in the eastern part of the country
- Cultivation of vineyards by around 13,500 businesses (30% decrease compared to 2009)
- Highly fragmented market; less than 13% of total market share is covered by the three largest producers:
  1. Weinkellerei Lenz Moser AG
  2. Wegenstein (REWE Group)
  3. Schloß Fels (Spar Group)
- Decline in the number of vineyards for more than three decades, especially the number of small farms (< 1 ha) is declining rapidly

## Wine production over time (2013-2019) and proportion of quality and premium wines\*

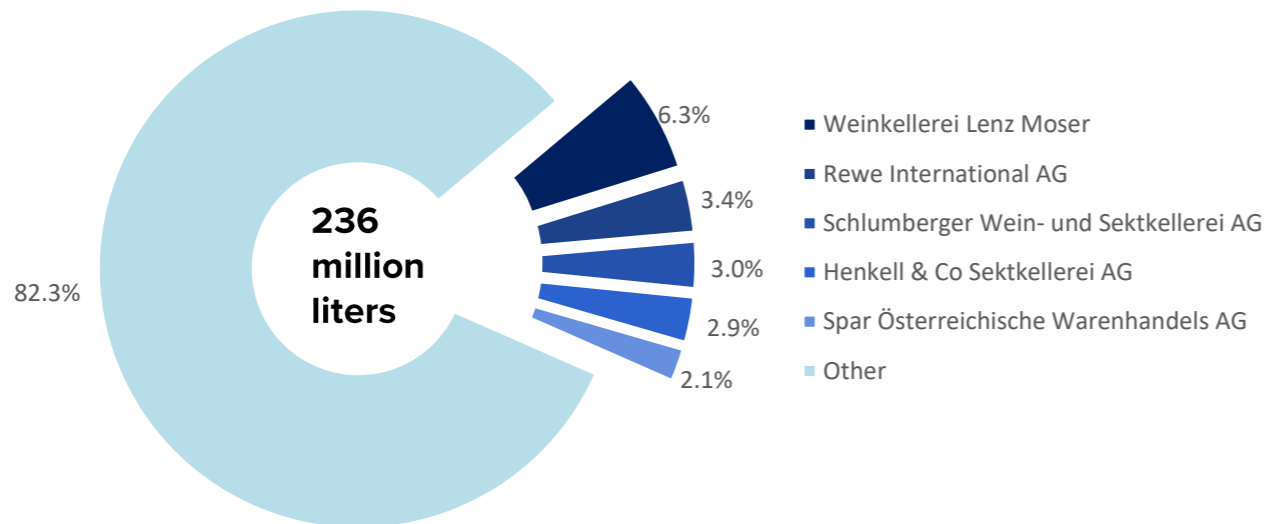


Sources: Statistik Austria: Ernteerhebung | Euromonitor: Wine in Austria | ÖMW: Dokumentation Österreich Wein

## Wine sales over time (2004-2023) in million liters



## Market shares in the Austrian wine market (2018)

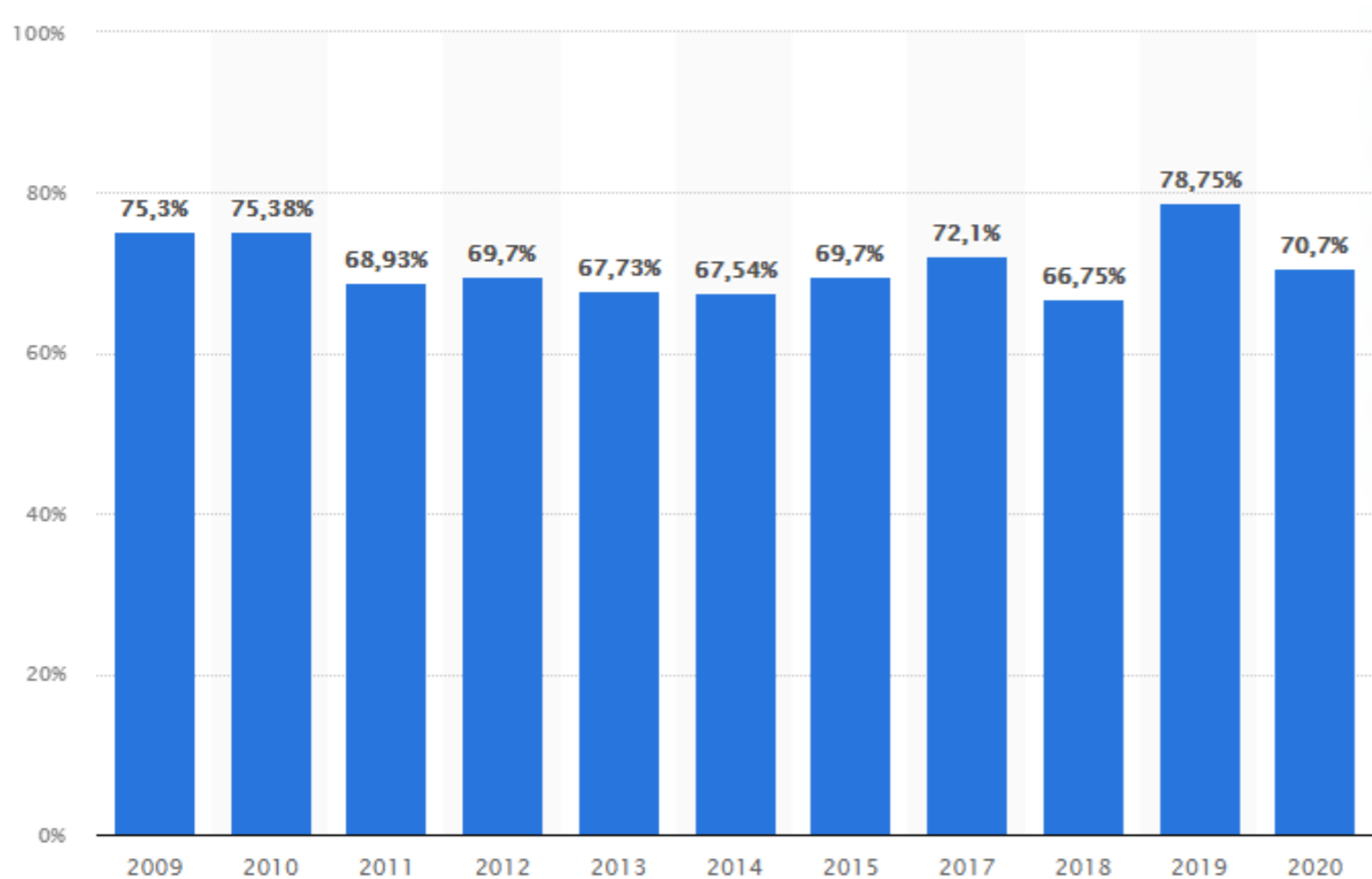


## Market structure of Austrian wine distribution

- While sales volumes are steadily declining, the price increases are allowing sales to continue to grow
- In the sparkling wine segment, sparkling wine sales have recently declined significantly due to the luxury tax introduced in 2014; frizzante and wine-based ready-to-drink products remain unaffected by the tax, increasing the sales potential in these categories
- Around 20% of wine sales are made directly by winegrowers through yard sales and in yard shops, promoting further fragmentation of the market as customers value authenticity and regionality












## Market share of domestic wines in consumption in Austria from 2009 to 2020



## Market structure of Austrian wine consumption

- In 2020, around 61.8 million liters of Austrian wine were consumed at home in Austria (+17 percent compared to 2019).
- This corresponds to a share of just under 70.7 percent of total consumption
- In 2019/20, an average of around 26 liters of wine per capita were consumed in Austria; on a long-term average, wine consumption has been declining for several years
- The slight decline in the wine market is also reflected in the development of overall consumption: At around 2.35 million hectoliters per year, wine consumption in Austria fell again compared to the previous year

## High transaction activity level in your industry

Date	Target	Country	Description	Buyer	Country
October 2021			Chateau Ste. Michelle wine estate has been sold in July to private-equity firm Sycamore Partners for \$1.2 billion		
September 2021			Diamond Estates Wines and Spirits acquires Equity Wine Group, a company that engages in the manufacturing and distribution of wine, craft beer, cider, and spirits		
August 2021			Delicato Family Wines acquisition of Francis Ford Coppola and Virginia Dare wineries, a deal estimated to be between \$500 million and \$1 billion.		
June 2021			Bespoke Capital Acquisition corp acquired Vintage Wine Estates in a USD 600m merger in June 2021		
April 2021			Château Beauséjour, a vineyard in the St-Émilion region, sold for €11 million (\$12.8 million) per hectare in April in a Leveraged Buy Out to Joséphine Dufau-Lagarosse und Prisca Courtin-Clarins.	PRIVATE 	
March 2021			Duckhorn portfolio raised USD 300m in an IPO in March 2021.	PUBLIC 	
January 2019			E. & J. Gallo Winery's \$880 million purchase of lower priced wines from Constellation Brands		

## Key findings from an M&A perspective

- In the COVID-19 aftermath, deal making surged in the wine industry as acreage prices are expected to rise due to increased investor demand.
- Increased interest has also been demonstrated by the first SPAC, Bespoke Capital Acquisition Corp, entering the market with the goal to acquire wine makers.
- In the first half of 2021, spending on wine-related M&A was up to USD 8.1bn compared to 1.8bn the previous year.
- Transactions oftentimes strengthen companies in the domestic market
- While transactions have primarily taken place between US entities, cross border transactions are expected to pick up after travel bans are lifted over time

M&A transactions also take place in related areas, such as

- Vineyard managers / trustees
- Premium packaging manufacturer for wines

## Comparable listed companies\* - Wineries

Company Name	Land	Market Cap	2020 EV/Sales	2020 EV/EBITDA	2020 EV/EBIT
 Sociedad Anónima Viña Santa Rita	 CL	148,978.39	1.4x	12.4x	17.1x
 Yantai Changyu Pioneer Wine Company Limited	 CN	20,990.93	4.5x	18.0x	26.6x
 Treasury Wine Estates Limited	 AU	8,356.31	3.5x	14.9x	19.6x
 Crimson Wine Group, Ltd.	 US	200.92	2.7x	NM	NM
 Viña San Pedro Tarapacá S.A.	 CL	253,807.57	1.2x	7.0x	9.7x
 Delegat Group Limited	 NZ	1,456.27	5.9x	15.3x	19.0x
 Australian Vintage Ltd	 AU	212.35	1.1x	6.9x	10.3x
 AdVini S.A.	 FR	76.32	1.0x	19.8x	64.7x
 Willamette Valley Vineyards, Inc.	 US	81.90	3.6x	15.5x	23.0x
 Viña Concha y Toro S.A.	 CL	883,708.08	1.5x	7.4x	9.1x
 Masi Agricola S.p.A.	 IT	97.74	2.0x	15.2x	31.9x
 Lanson-BCC	 FR	202.32	2.9x	23.0x	29.9x
 Laurent-Perrier S.A.	 FR	571.95	4.4x	18.0x	20.9x
 Schloss Wachenheim AG	 DE	154.44	0.7x	6.4x	10.4x
 Vranken-Pommery Monopole Société Anonyme	 FR	159.83	3.2x	22.7x	36.8x
 Italian Wine Brands S.p.A.	 IT	316.54	1.6x	13.0x	15.8x
 Constellation Brands, Inc.	 US	41,212.39	5.9x	17.3x	22.0x
 Hawesko Holding AG	 DE	519.24	1.0x	8.0x	10.5x
 Andrew Peller Limited	 CA	391.65	1.5x	11.3x	17.4x
Minimum			1.39x	11.08x	15.24x
Median			2.67x	13.67x	18.34x
Maximum			3.52x	15.69x	21.34x

## Key findings from an M&A perspective

- While we have seen a dip in valuation across industries, wine manufacturers could quickly recover, now reaching an average valuation of almost 14x EBITDA.
- Current valuations are close to year long maximum valuations of 14x EBITDA which have been achieved in early 2018.
- While valuations are on the rise and the number of deals is quickly picking up after a covid related stand-still, today might be the right moment for many producers looking to divest their assets.

\*EV = Enterprise Value; NM = Not meaningful; The financial ratios are based on the last twelve months (LTM); Exchange rate from 08.11.2019; Source: Capital IQ, retrieved: 08.11.2021

## Conclusion

### Austrian market structure

- Market remains fragmented
- Major producers owned by large supermarket chains
- Potential for mergers or acquisitions among wineries

### International developments

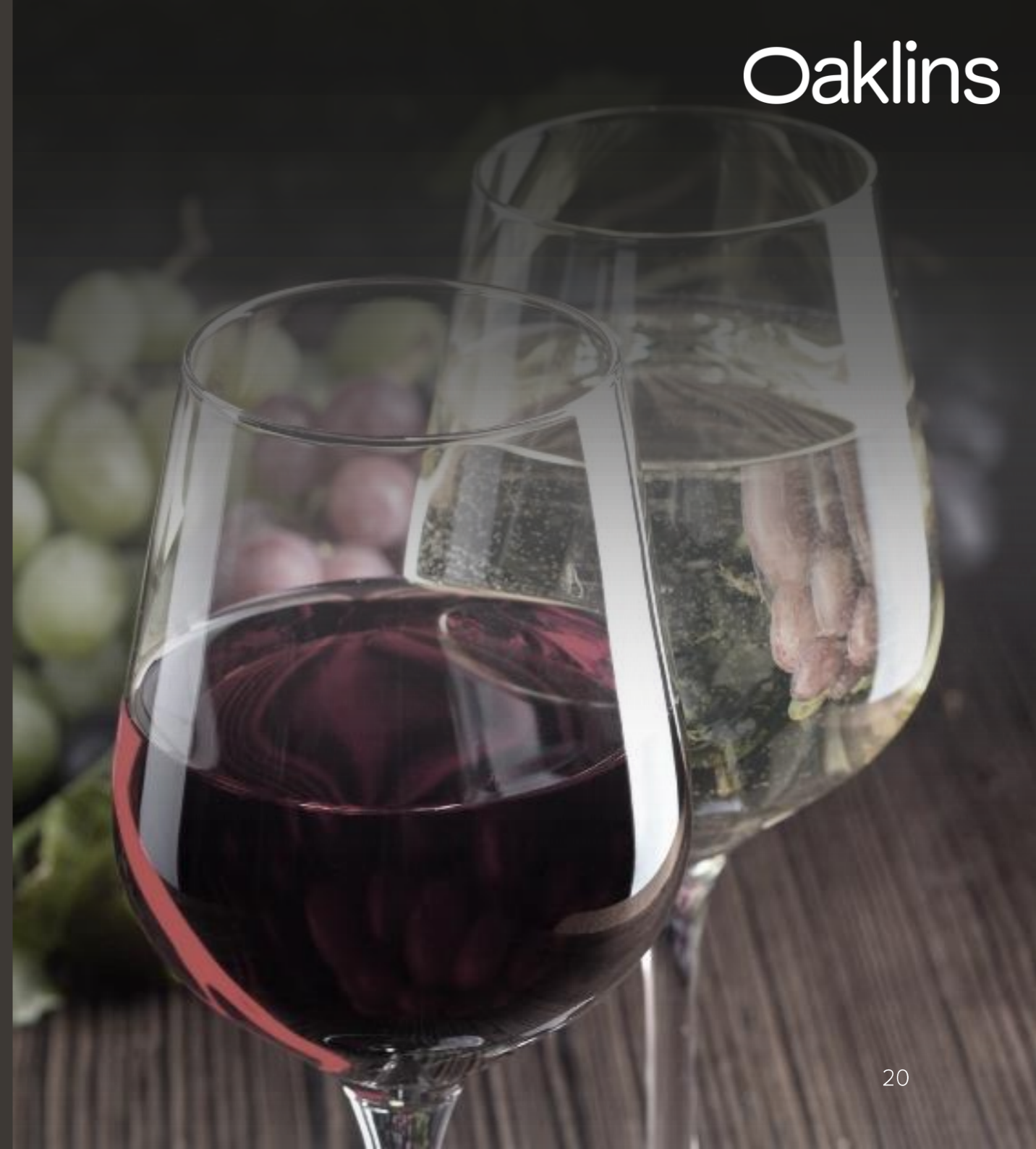
- Global growth markets as an opportunity
- International sales structures are gaining in importance
- Higher willingness to pay of foreign customers
- Quality as an essential characteristic

### Transactions

- High transaction activity levels
- Trends
  - Consolidation within the market
  - Market entry of companies from related beverage industries

### Valuation

- Pure wineries/producers show higher valuation multiples than general companies in the wine industry with valuations at year long highs





# Oaklins

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