



## ITALIAN WINE SECTOR IN FINE HEALTH BUT FEARS ON THE DEMAND SIDE

*Estimates for 2023: total sales up 3.3%, on growth in sparkling wines (revenues up 5.2%, exports up 4.2%)*

*Strong performance by the hotels/restaurants/catering chain in 2022 (up 19.9% on 2021 in value terms), with large-scale distribution lagging (up 3.3%)*

*2022 rankings: Cantine Riunite-GIV, Argea and IWB the three best performers*

*Presence of private equity funds increasing through M&A deals*

Milan, 30 May 2023

The **Mediobanca Research Area** has published its **report on the Italian wine industry**. The survey covers **255 leading Italian limited companies** with total sales of over €20m in 2021. The companies posted aggregate revenues of €10.7bn, representing 89.3% of the national sector total. The analysis contains a focus on governance and the largest M&A deals in the sector. The full survey is available for download from [www.areastudimediobanca.com](http://www.areastudimediobanca.com).

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### 2022 and beyond

The **leading Italian wine makers** see growth of 3.3% in total sales for **2023**, and of 3.1% for exports. The main driver for these optimistic estimates is **sparkling wine** (total revenues up 5.2%, exports up 4.2%), while for sales of non-sparkling wines, growth of 2.8% is expected (2.9% for exports).

In **2022**, the leading Italian wine makers **posted a 10% increase in total sales** (10.5% for the domestic market, 9.5% for exports). The **Ebit margin** decreased by 7.6% versus 2021, and net profit was down 8.7% as a percentage of total sales. **Sparkling wines**, which reported growth of 16.9%, outperformed **non-sparkling wines** (up 8.2%). The **closest geographies** (i.e. EU Member States) were the main markets for exports, accounting for 37.1% of the total, but the gap versus **North America** is closing (34.6%); while Central and South America posted substantial growth (up 26.9%). In 2022 the return to normal consumer habits and the resumption of tourism flows drove sales up in the **hotels, restaurants and catering** channel, with a market share of 19.9%, compared to 16.6% and 18.1% in 2022, to the detriment of the **large-scale distribution** channel (sales up 3.3% in value terms), whose market share declined from 37.7% to 36%. The inflationary pressure witnessed in 2022 slowed sales in the large-scale distribution channel, where there was reluctance to pass on higher costs to end-prices, in order to preserve volumes. Price increases affected wines in the Basic segment less than others (prices up 6.6% in value terms); while there were double-digit increases for Premium wines (up 13.7%) and Icon bracket wines (up 11.1%). The focus on **sustainability** drove sales of **organic wines** in 2022 (up 9.6% on 2021), which, however, were limited to a market share of just 4.3%.

**Wine and tourism:** in 2022 there was a strong increase in revenues generated from **wine tourism services** (up 67% on 2021). The main source of revenues here was visits to wine cellars (78.8% of the companies), followed by accommodation at one of the companies' own hotels (32.5%), and dining (27.5%). Of the wine-makers covered in the survey, 17.5% do not carry out any form of tourism activity.



## Slowdown in e-commerce

**E-commerce slowed during 2022: the online sales of the leading wine-makers decreased by 3.7%** (2.1% of national total sales).

In 2021 the rankings in terms of the main pure players were headed up by **Vino.com** which posted revenues of €43.3m, up 44% on 2020, followed by **Tannico** (€33.5m, down 9.7%) and **Bernabei** (€31.8m, up 23.3%). **Also with revenues above the €10m mark** were **Callmewine** (€17.1m), up 38.4% on 2020, and **XtraWine** (€12.6m, up 76.7%); and only slightly further behind was **Winelivery**, with revenues of €9m (up 29% on 2021). The smaller operators did not have an especially positive 2021, with turnover down 6.3% on 2020.

## Italian companies the top performers

The **Cantine Riunite-GIV** group continues to **lead the way in terms of total sales in 2022**, with revenues of €698.5m (up 10.1% on 2021). Second place was taken by the newly-established **Argea** (revenues of €455.1m, an increase of 9.6%), while IWB came third, with sales up 5.2% on 2021 at €430.3m. the Romagna-based co-operative **Caviro** also posted **2022 revenues of over €400m** (€417.4m), up 7.1% on 2021. **A total of seven companies recorded total sales of between €200 and €300m:** the Trentino-based co-operative Cavit (2022 total sales €264.8m, down 2.3% on 2021), Santa Margherita from the Veneto (€260.7m, up 18.2%), Antinori from Tuscany (€245.4m, up 14.9%), Piedmont-based Fratelli Martini (€237.6m, up 8.2%), La Marca, which specializes in the production of *spumanti*, and delivered 2022 total sales of €235.2m (up 30.9%), Mezzacorona from Trentino (€213.4m, up 8.6%), and Casa Vinicola Zonin from the Veneto (€200.1m, up 0.8%). In terms of **profitability** (i.e. net profit as a percentage of total sales), Tuscan wine-maker Frescobaldi led the rankings in 2022 with 28.4%, followed by Veneto-based Santa Margherita (19.7%), and in third place, Terra Moretti, with net profit representing 13.7% of total sales, 4.4 percentage points higher than in 2021, the second highest growth rate in profitability after Berlucchi (10.7%, up 6 p.p. on 2021). Some companies reflect very high percentages of **exports**, which in some cases even account for almost all their groups' total sales: such as Fantini Group with 96.4%, and Ruffino with 93.2%.

## Differences between wine-growing regions

The companies' financial statements reveal some distinctive regional features. In 2021 the **best ROI** was recorded by the Piedmontese wine makers (8.9%), while the Tuscan manufacturers posted the highest **Ebit margin** (15.7%). **The groups based in Tuscany were also the most stable financially**, with borrowings at just 22.1% of the capital invested. **The largest exporters were the Piedmontese producers (68.9% of the total sales)**. The **wine-makers in Lombardy performed impressively** (Ebit margin in 2021 of 8.5%), with 2021 sales up 18.6% driven by sparkling wines (up 29.9%) which accounted for half their total sales. **In 2022 sparkling wines drove growth by the Veneto companies** (up 13.4%); while those based in Puglia and Sicily also outperformed the national average (the former up 21.1% on 2021, the latter up 14.9%). **There were also grounds for optimism for 2023** in Friuli-Venezia Giulia (up 9.9% on 2022), Lombardy (up 6.7%), Piedmont (up 6.1%), and Sicily (up 5.6%).

## New shareholders and governance models requiring revision

**The presence of private equity funds as investors in the share capital of the leading wine-makers increased in 2022** (up 63.5% on 2020) and now stands at 4.6% of the total. Some 65.8% of the share capital is family-owned, while the **Boards tend to have lean structures** (86.6% of the BoDs do not have more than five members) that are **vertical** in nature (in 52% of cases



executive powers are concentrated in the hands of a single person). The position of Board chair tends to be held by older individuals (average age 62.5 years), especially in cases where it is held in tandem with the post of Chief Executive Officer (64.4 years). The average age of Board members is 55 years. The age bracket with the highest representation is Gen X (41.2%), followed by the Baby Boomers (39.1%). Millennials occupy 13.1% of the posts available. **Women in leadership:** 12.8% of the Board members are women (23.8% in the non-co-operatives), as are 8.8% of the chairpersons (15.7% for the non-co-operatives). Of the Italian Directors, 68.6% hold their position in a company based in the same province where they were born. **This local bias is at its strongest among the Directors in the regions of North East Italy (76.4%) and of Southern Italy, Sicily and Sardinia (74.1%).**