ARGENTINE WINE EXPORTS

JANUARY TO JUNE 2006

Report produced by:

CAUCASIA WINE THINKING
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30% GROWTH RATE IN THE FIRST SEMESTER PREDICTS A NEW EXPORTS RECORD FOR THIS YEAR.

Regarding only wine, the exports rise 30.5% in income terms and 38.6% in volume.
The bulk wine was the main driver for growth, and bottled wines (mainly in bottle), have had the main share in total exports.
In a reasonable forecast for this year, the wine industry exports would overcome US$ 500 million.

In the first semester, exports of Argentine wine industry reached US$ 227,866,872, which represents a 22.8% growth compared to the same period of previous year. In terms of volume, 167,324,851 liters of wine and grape juice concentrate were exported. This represents a growth rate of 30.6% with respect of the first semester of last year. The difference between income and volume growth rates can be explained with the average price drop, higher for grape juice concentrate (-9%) than in wine (-6%), with strong effect of bulk wine sales.

The growth rates observed in this first semester predicts a new record in wine industry exports for this year. The projections show that sales of bottled wines could reach US$ 335 millions and the total amount for the industry could reach US$ 520 millions (wine and grape juice concentrate).

Bulk wine sales were responsible for the great export volume increase (51% share on the total growth). That is, on a similar relation as the one seen in the first quarter, of every two additional liters exported by Argentina, one was bulk wine, regarding the previous year. In income terms, bottled wine (mainly in bottles) was the main contributor for the increase of exports. Compared with the first semester of 2005, 78.5% of the additional income came from this product. Within this category, it is worth to highlight the role of bag in box, an unusual packaging in our country, highly approved in many markets, mainly the nordic ones. The sales of this product triplicated in the first semester in respect with the previous one, being an important growth increase.

The change of the average price of the wines is due to the price drop of bulk wine (-19%). This is mainly because high stocks. When analyzing the different product categories, the ones with highest added value (bottled wine and sparkling) show increases in the average price. Tetra brik wines reflect a similar price to the previous year.

In spite of buying less grape juice concentrate (one of the main products offered to that country) United States is still the main argentine viniculture market. The increase in the grape juice concentrate and wine purchases from Canada and the constant sales drop to the United Kingdom, have finally placed the northamerican market in second place. The most significant increases (for different product purchases) came from: Puerto Rico (grape juice concentrate and bottled wine), South Africa (grape juice concentrate and bulk wine), Denmark and Sweden (bottled wine in bottles and bag in box), Mexico (bottled wine in bottles) and Chile (bottled wine in tetra brik).

During the first semester of 2006, Argentine wine exporters used 1207 brands to commercialize bottled wines abroad. Trapiche continues leading the sales (income wise) as well as Uvita (known brand of RPB in tetra brik) regarding volume.

Malbec is not only the most sold of the argentine bottled wine, but is also the one which is growing most. During the first semester it reflected a 42% and 33% increase in income and volume respectively, the highest increase rates within the main grape varieties. Other outstanding wines were Torrontes (37% and 27.5%) and lower in the ranking two bi-varietals: Syrah-Malbec (37 and 34%) and Syrah-Cabernet Sauvignon (174% y 194%).

The 82.5% of the exports income in US$ and the 81% of volume was generated by products from Mendoza. The 14% in income and the 16.5% in volume were from San Juan. Salta participated with a 1.7% in income and a 0.8% in volume, La Rioja got a 1.3% in volume and income. And the rest was shared between Neuquen, Rio Negro and Catamarca.

CAUCASIA Wine Thinking.

CAUCASIA Wine Thinking is a company focused and devoted exclusively to provide information services to the wine industry, mainly in what respects to foreign markets. Currently, the leading wineries of Argentina, as well as the main industry-related organizations (Bodegas de Argentina AC, Wines of Argentina) use our services.

TOTAL INDUSTRY EXPORTS. INTERANNUAL EVOLUTION BY PRODUCT.

RANK	PRODUCT	US$ FOB			VOLUME (LITERS)			AVERAGE PRICE PER LITER		
		2005	2006	CHANGE (%)	2005	2006	CHANGE (%)	2005	2006	CHANGE (%)
1	WINE	128.654.466	167.848.574	30,5%	83.402.162	115.579.738	38,6%	1,54	1,45	-5,9%
2	GRAPE JUICE CONCENTRATE	56.898.826	60.018.297	5,5%	44.698.077	51.745.113	15,8%	1,27	1,16	-8,9%
	TOTAL	**185.553.292**	**227.866.872**	**22,8%**	**128.100.239**	**167.324.851**	**30,6%**	**1,45**	**1,36**	**-6,0%**

Source: CAUCASIA Wine Thinking - based on data provided by DGA | info@caucasia.com.ar

WINE EXPORTS. INTERANNUAL EVOLUTION BY PRODUCT CATEGORY.

RANK	PRODUCT	US$ FOB			VOLUME (LITERS)			AVERAGE PRICE PER LITER		
		2005	2006	CHANGE (%)	2005	2006	CHANGE (%)	2005	2006	CHANGE (%)
1	BOTTLED WINE (BOTTLE)	109.190.282	138.989.477	27,3%	46.549.080	54.837.812	17,8%	2,35	2,53	8,1%
2	BULK WINE	8.265.591	13.754.915	66,4%	18.939.205	38.926.469	105,5%	0,44	0,35	-19,0%
3	BOTTLED WINE (TETRA BRIK)	7.658.565	8.818.105	15,1%	16.391.192	18.896.616	15,3%	0,47	0,47	-0,1%
4	BOTTLED WINE (OTHERS)	1.146.376	3.410.153	197,5%	824.288	2.208.416	167,9%	1,39	1,54	11,0%
5	SPARKLING WINE	2.393.653	2.875.925	20,1%	698.397	710.424	1,7%	3,43	4,05	18,1%
	TOTAL OF WINE	**128.654.466**	**167.848.574**	**30,5%**	**83.402.162**	**115.579.738**	**38,6%**	**1,54**	**1,45**	**-5,9%**

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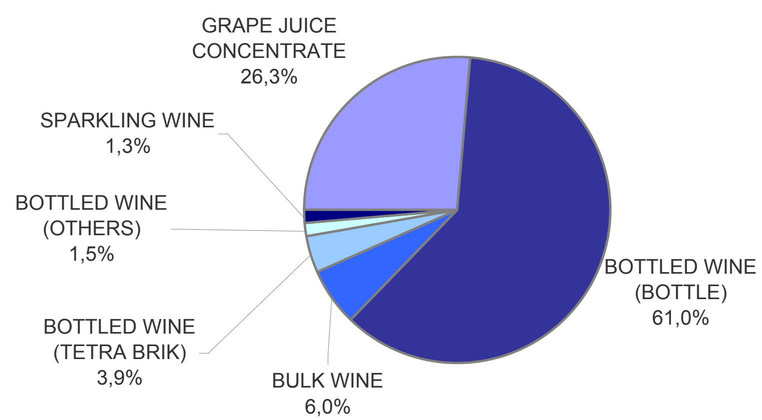
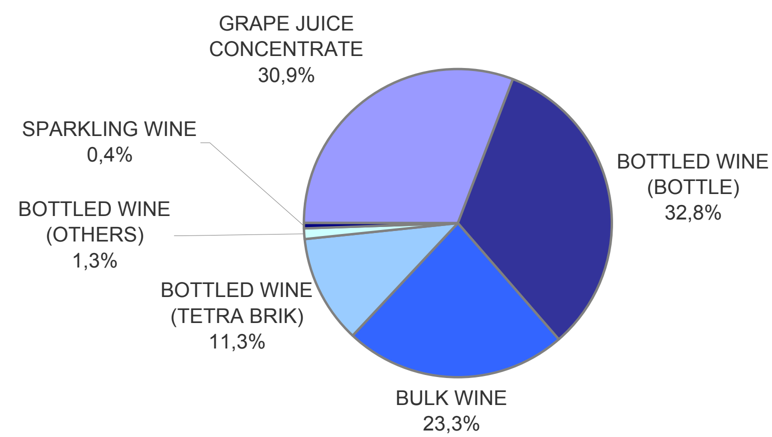
SHARE OF EACH PRODUCT IN US$ FOB



Source: CAUCASIA Wine Thinking - based on data provided by DGA | info@caucasia.com.ar

SHARE OF EACH PRODUCT IN VOLUME (LITERS)



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TOTAL INDUSTRY EXPORTS. INTERANNUAL EVOLUTION BY BLOC.

RANK	BLOC	US$ FOB			VOLUME (LITERS)			AVERAGE PRICE PER LITER		
		2005	2006	CHANGE (%)	2005	2006	CHANGE (%)	2005	2006	CHANGE (%)
1	NAFTA	80.613.161	97.481.986	20,9%	51.665.725	63.710.773	23,3%	1,56	1,53	-1,9%
2	EUROPEAN UNION	48.852.951	57.039.387	16,8%	26.240.719	29.091.978	10,9%	1,86	1,96	5,3%
3	MERCOSUR	15.944.262	19.727.515	23,7%	15.436.899	18.800.606	21,8%	1,03	1,05	1,6%
	OTHERS	40.142.918	53.617.984	33,6%	34.756.897	55.721.493	60,3%	1,15	0,96	-16,7%
	TOTAL	**185.553.292**	**227.866.872**	**22,8%**	**128.100.239**	**167.324.851**	**30,6%**	**1,45**	**1,36**	**-6,0%**

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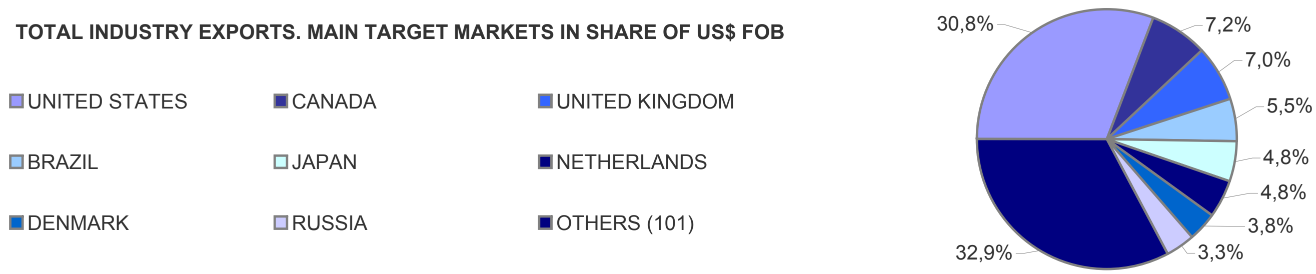
TOTAL INDUSTRY EXPORTS. MAIN TARGET MARKETS IN SHARE OF US$ FOB



BOTTLED WINE EXPORTS. INTERANNUAL EVOLUTION BY TARGET MARKETS (MAIN 10).

RANK	TARGET MARKET	US$ FOB			VOLUME (9 LITERS CASES)			AVERAGE PRICE PER CASE		
		2005	2006	CHANGE (%)	2005	2006	CHANGE (%)	2005	2006	CHANGE (%)
1	UNITED STATES	27.465.291	38.262.288	39,3%	1.183.100	1.345.457	13,7%	23,21	28,44	22,5%
2	UNITED KINGDOM	16.576.654	15.047.698	-9,2%	944.330	805.430	-14,7%	17,55	18,68	6,4%
3	BRAZIL	8.461.306	11.090.862	31,1%	443.686	568.636	28,2%	19,07	19,50	2,3%
4	CANADA	8.478.184	10.684.671	26,0%	354.269	439.515	24,1%	23,93	24,31	1,6%
5	NETHERLANDS	8.174.800	10.054.125	23,0%	406.422	516.013	27,0%	20,11	19,48	-3,1%
6	DENMARK	5.131.358	8.073.677	57,3%	251.918	409.244	62,5%	20,37	19,73	-3,1%
7	PARAGUAY	5.259.714	6.173.802	17,4%	1.112.233	1.341.690	20,6%	4,73	4,60	-2,7%
8	GERMANY	3.127.472	3.808.359	21,8%	145.539	166.685	14,5%	21,49	22,85	6,3%
9	SWEDEN	2.161.510	3.672.179	69,9%	98.149	164.224	67,3%	22,02	22,36	1,5%
10	RUSSIA	3.373.109	3.434.625	1,8%	504.937	403.840	-20,0%	6,68	8,50	27,3%
	OTHERS (91)	29.785.824	40.915.447	37,4%	1.640.369	2.277.360	38,8%	18,16	17,97	-1,1%
	TOTAL OF BOTTLED WINE	**117.995.222**	**151.217.734**	**28,2%**	**7.084.951**	**8.438.094**	**19,1%**	**16,65**	**17,92**	**7,6%**

Source: CAUCASIA Wine Thinking - based on data provided by DGA | info@caucasia.com.ar

BOTTLED WINE EXPORTS. INTERANNUAL EVOLUTION BY COLOR.

RANK	COLOR	US$ FOB			VOLUME (9 LITERS CASES)			AVERAGE PRICE PER CASE		
		2005	2006	CHANGE (%)	2005	2006	CHANGE (%)	2005	2006	CHANGE (%)
1	RED	89.047.117	115.349.896	29,5%	4.659.095	5.600.013	20,2%	19,11	20,60	7,8%
2	WHITE	25.003.513	30.746.547	23,0%	1.643.661	1.935.008	17,7%	15,21	15,89	4,5%
3	ROSE	3.944.592	5.121.291	29,8%	782.195	903.073	15,5%	5,04	5,67	12,5%
	TOTAL OF BOTTLED WINE	**117.995.222**	**151.217.734**	**28,2%**	**7.084.951**	**8.438.094**	**19,1%**	**16,65**	**17,92**	**7,6%**

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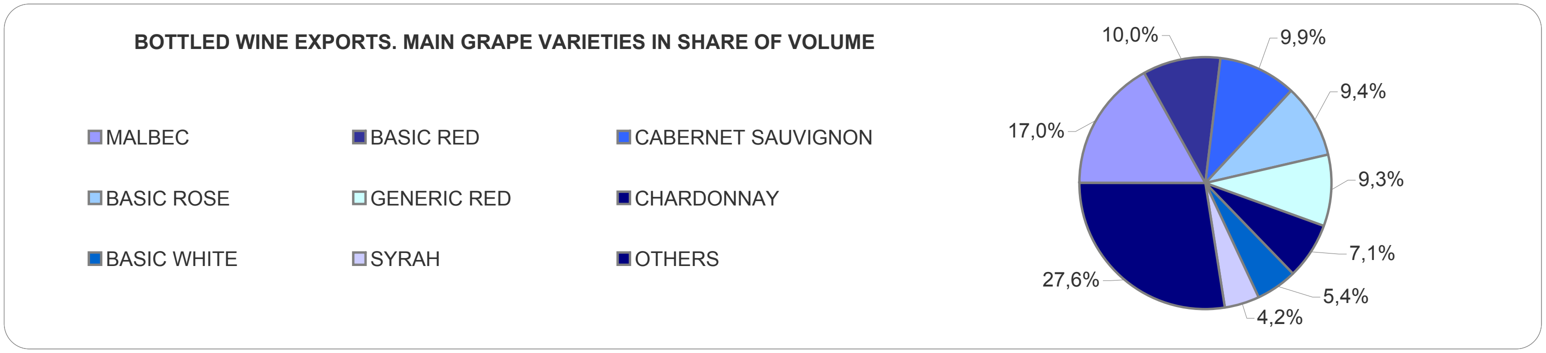

BOTTLED WINE EXPORTS. RANKING BY BRAND (MAIN 10), SORTED BY US$ FOB.

RANK	BRAND	US$ FOB		VOLUME (9 LITERS CASES)		AVERAGE PRICE PER CASE	BRAND EXPORTED BY
		US$	SHARE	CASES	SHARE		
1	TRAPICHE	4.913.860	4,2%	243.200	3,9%	20,21	PEÑAFLOR S.A.
2	ALAMOS	4.515.785	3,9%	128.274	2,0%	35,20	BODEGAS ESMERALDA S.A.
3	TRIVENTO	4.337.565	3,7%	279.699	4,4%	15,51	TRIVENTO BODEGAS Y VIÑEDOS S.A.
4	NORTON	4.089.183	3,5%	143.657	2,3%	28,46	BODEGA NORTON S.A.
5	UVITA	3.494.287	3,0%	851.623	13,5%	4,10	RPB S.A.
6	CATENA	2.998.093	2,6%	46.628	0,7%	64,30	BODEGAS ESMERALDA S.A.
7	TERRAZAS RESERVA	2.836.081	2,4%	48.894	0,8%	58,01	BODEGAS CHANDON S.A.
8	TERRAZAS ALTO	2.552.986	2,2%	79.527	1,3%	32,10	BODEGAS CHANDON S.A.
9	ASTICA	2.505.554	2,2%	173.016	2,8%	14,48	PEÑAFLOR S.A.
10	ARGENTO	2.463.766	2,1%	156.069	2,5%	15,79	BODEGAS ESMERALDA S.A. (ARGENTO WINE CO.)
	OTHERS (1197)	116.510.574	100,0%	6.287.508	100,0%	18,53	…
	TOTAL OF BOTTLED WINE	**151.217.734**	**129,8%**	**8.438.094**	**134,2%**	**17,92**	…

Source: CAUCASIA Wine Thinking - based on data provided by DGA | info@caucasia.com.ar

BOTTLED WINE EXPORTS. RANKING BY EXPORTING WINERY (MAIN 10), SORTED BY US$ FOB.

RANK	EXPORTING WINERY	US$ FOB		VOLUME (9 LITERS CASES)		AVERAGE PRICE PER CASE	KNOWN AS:
		US$	SHARE	CASES	SHARE		
1	PEÑAFLOR S.A.	18.041.081	11,9%	1.087.979	12,9%	16,58	TRAPICHE AND FINCA LAS MORAS
2	BODEGAS ESMERALDA S.A.	12.870.627	8,5%	437.927	5,2%	29,39	CATENA ZAPATA
3	TRIVENTO BODEGAS Y VIÑEDOS S.A.	9.488.996	6,3%	625.615	7,4%	15,17	TRIVENTO
4	BODEGA NORTON S.A.	8.262.528	5,5%	268.073	3,2%	30,82	NORTON
5	BODEGAS CHANDON S.A.	6.027.494	4,0%	147.932	1,8%	40,75	CHANDON AND TERRAZAS DE LOS ANDES
6	BODEGA Y VIÑEDOS LA AGRICOLA S.A.	5.927.800	3,9%	282.077	3,3%	21,01	FAMILIA ZUCCARDI
7	BVA S.A.	5.590.379	3,7%	272.841	3,2%	20,49	SANTA ANA AND MICHEL TORINO
8	RPB S.A.	5.168.420	3,4%	1.175.587	13,9%	4,40	BAGGIO
9	DIAGEO ARGENTINA S.A.	3.962.281	2,6%	110.812	1,3%	35,76	NAVARRO CORREAS AND SAN TELMO
10	FECOVITA COOP. LTDA.	3.782.080	2,5%	564.072	6,7%	6,70	FECOVITA
	OTHERS (265)	72.096.047	47,7%	3.465.179	41,1%	20,81	...
	TOTAL OF BOTTLED WINE	**151.217.734**	**100,0%**	**8.438.094**	**100,0%**	**17,92**	...

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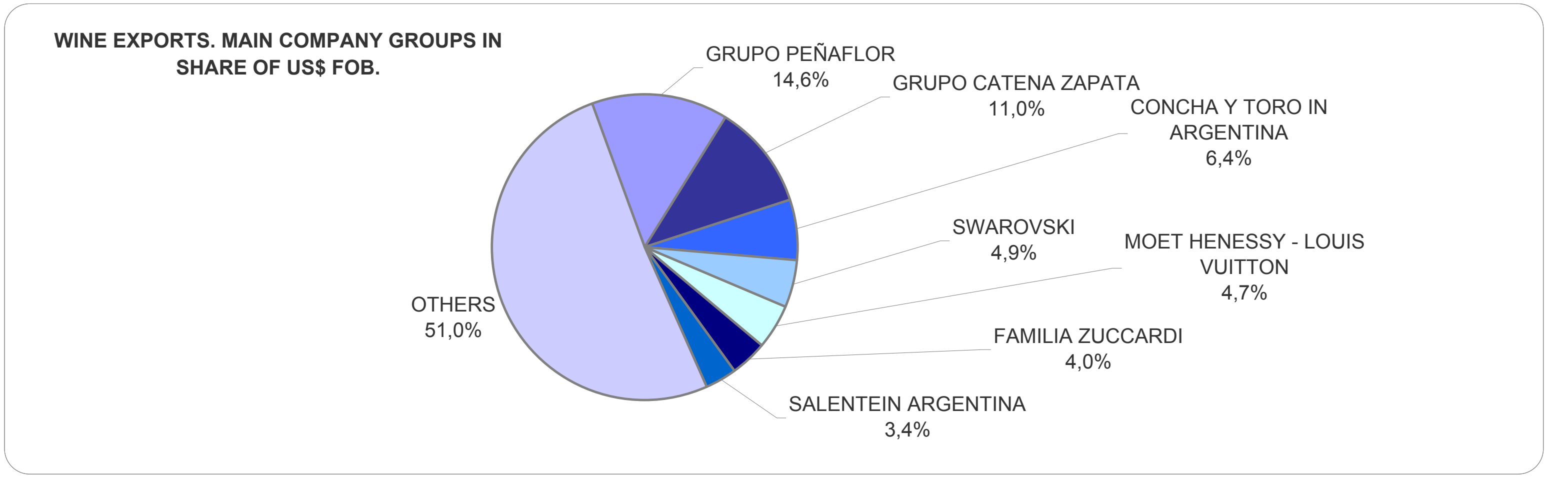
Important: The exporting wineries are presented in the ranking with their legal name, although some of them are part of the same group of companies and work under the same organization. This indicator is used in order to get more objectivity when refering to a specific category. The next chart shows the income share in wine exports of main groups of wineries in Argentina.



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Important: The name that identifies each group is only a reference, and not necessarily a formal denomination. A exporting winery can be included in a group if this have general management, control of exports, or a participation, but does not necessarily mean the ownership of the 100% of that winery. The share is measured by total wine exports (bottled, sparkling and bulk); grape juice concentrate is not included.