



MEDIA RELEASE

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R300-MILLION MERGER PUTS CAPE WINE GIANT ON TRACK FOR LONG-TERM SUCCESS

The Bonnievale Wines group and Wandsbeck Wines are to merge, creating a wine company with assets in excess of R300m. The amalgamation of the wineries in the Robertson region sees the formation of one of the Cape's biggest wine producers, to be known as Bonnievale Wine Cellar (Pty) Ltd.

The agreement follows some 15 months of negotiations between producer members and directors. The decision was ratified by vote at a joint meeting of shareholder members on Thursday November 29.

"Wandsbeck Cellar is excited to amalgamate with Bonnievale Wines," says Wandsbeck chairman Philbert Lourens. "Wandsbeck has good cultivar diversity, unique style and suitable climate, which will contribute to the group's goals and performance.

"Wandsbeck's membership and tonnage has declined over the years and the expectation is that a larger company will reduce production costs while raising profitability. The aim is to create a good economic and sustainable future for our members."

According to Bonnievale Wines group chairman Anton Smuts, the changing production and marketing conditions have driven this merger strategy to encompass producer sustainability and profitability, ensure product supply and extension, and provide long-term market security and growth for the future.

"The industry will also need to consolidate and regroup, both from a production as well as from a marketing perspective to ensure long-term sustainability and dynamic progress. This amalgamation furthermore creates a broader footprint of terroir possibilities, enhancing and expanding the present spectrum.

"Both the Bonnievale and Wandsbeck leadership have recognised the need to provide an attractive yet solid platform that will incentivise our grape producers to continue planting new vineyards and thereby ensure long-term profitability and growth."

Under the agreement, production will continue at existing facilities – three of the Bonnievale Wines group and one at Wandsbeck. Each winery will run at full capacity with a winemaker and production team on site.

All the winemakers remain in their present positions and report to head winemaker Marthinus Rademeyer. Management and administrative staff will be based at the former offices of the Bonnievale Wine Group, which is also the location of the brand hospitality centre and customer service hub for both merging entities.

Bonnievale Wines group CEO John Barnardt has been appointed in the same position as executive head of Bonnievale Wine Cellar (Pty) Ltd.

"The merger came about through mutual requirements of both organisations, each well-advanced in the journey towards recognition as a producer of high-quality, high-value wine," says Barnardt. "Now ratified, it provides the opportunity to unlock even greater value upstream and the further development of markets and customers."

"The wine industry is well-populated with buy-and-sell, wine storage and wine service agreements," he adds. "In the long run many of these agreements are tested by changing production and market conditions. In order to ensure our long-term security of markets, amalgamation provides the wine market with security of sustainable long-term supply. Amalgamation furthermore enables a pooling of resources from a leadership, management, grape production, wine production, finance and marketing perspective.

"All players feel part of a bigger team, which in turn requires enhanced levels of corporate governance and responsibility."

The merger provides 40 000 tons of cellar capacity under the new entity.

The process to amalgamation involved the establishment of an agreement of interim collaboration. The agreement allowed for the successful collective selection, processing and marketing of the 2018 harvest along uniform guidelines at all the grape intake points, and this vintage was managed as one entity. The arrangement remains in place for the coming season.

Empowerment remains a key part of objectives under Bonnievale Wine Cellar (Pty) Ltd. These include a focus on vineyard ownership, driven mainly by free market demand and supply, but with key focus being on existing Black-owned farms; increased participation in winery middle and senior management; BEE shareholding in a subsidiary wine marketing company; and, increased involvement in community projects.

Established in 1965, WandsBeck was known until 2004 as Agterkliphoogte Co-operative Cellar after the area where it's situated. The winery is located some 60km from Bonnievale, in a region midway between McGregor and Villiersdorp. Its own brand portfolio comprises a diverse portfolio of red and white, dry and sweet wines as well as grape juice.

This is the second merger the Bonnievale Wines group has completed in 12 years. The Bonnievale Wine Cellar Cooperative Ltd was established in November 2006 after a three-way merger of Bonnievale, Merwespont and Nordale wine co-operatives, sparking more than a decade of growth for its member wineries.

Its focus on high quality and high value culminated most recently in the revamp of its portfolio and launch of the premium River Collection range, which has already accumulated a string of local and international awards.

- PWC Robertson were corporate advisors to the transaction, while Conradie Attorneys (Worcester) provided legal services.

ENDS

Notes to editors:

The headquarters of Bonnievale Wine Cellar (Pty) Ltd are situated just outside the town from which it gets its name, some 90 minutes east of Cape Town.

For more information about Bonnievale Wines, visit www.bonnievalewines.co.za, phone on 023 616 2795 or email: nina@bonnievalewines.co.za.