ALTAGAMMA-BAIN FINE WINES AND RESTAURANTS MARKET MONITOR

2025 | 1st EDITION

Beyond the Bottle: Market Dynamics and Consumer Shifts in the Fine Wines and Restaurants Markets

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ALTAGAMMA
CREATIVITÀ E CULTURA ITALIANA

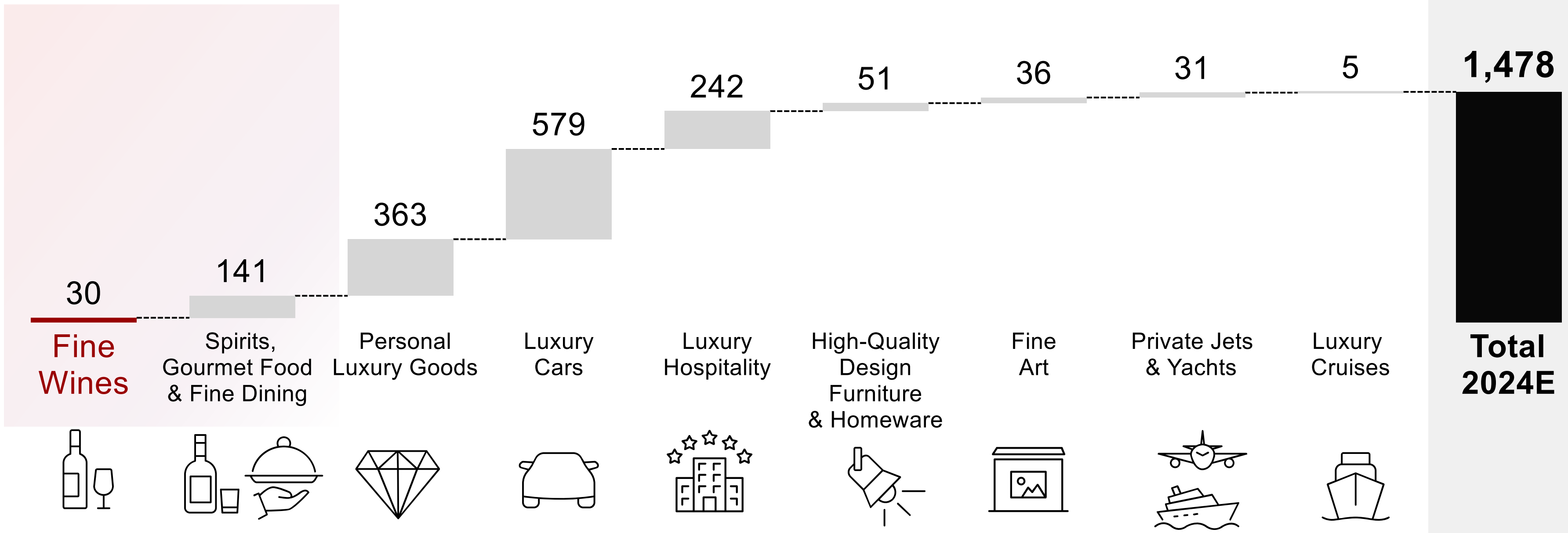
BAIN & COMPANY

Fine Wines represents a ~€30B market, at the interception of two luxury segments

2024E

Global luxury markets

€B | 2024E



-3/-1%
@Current FX vs. 2023

-1/+1%
@Constant FX vs. 2023

+15/17%
vs. 2019

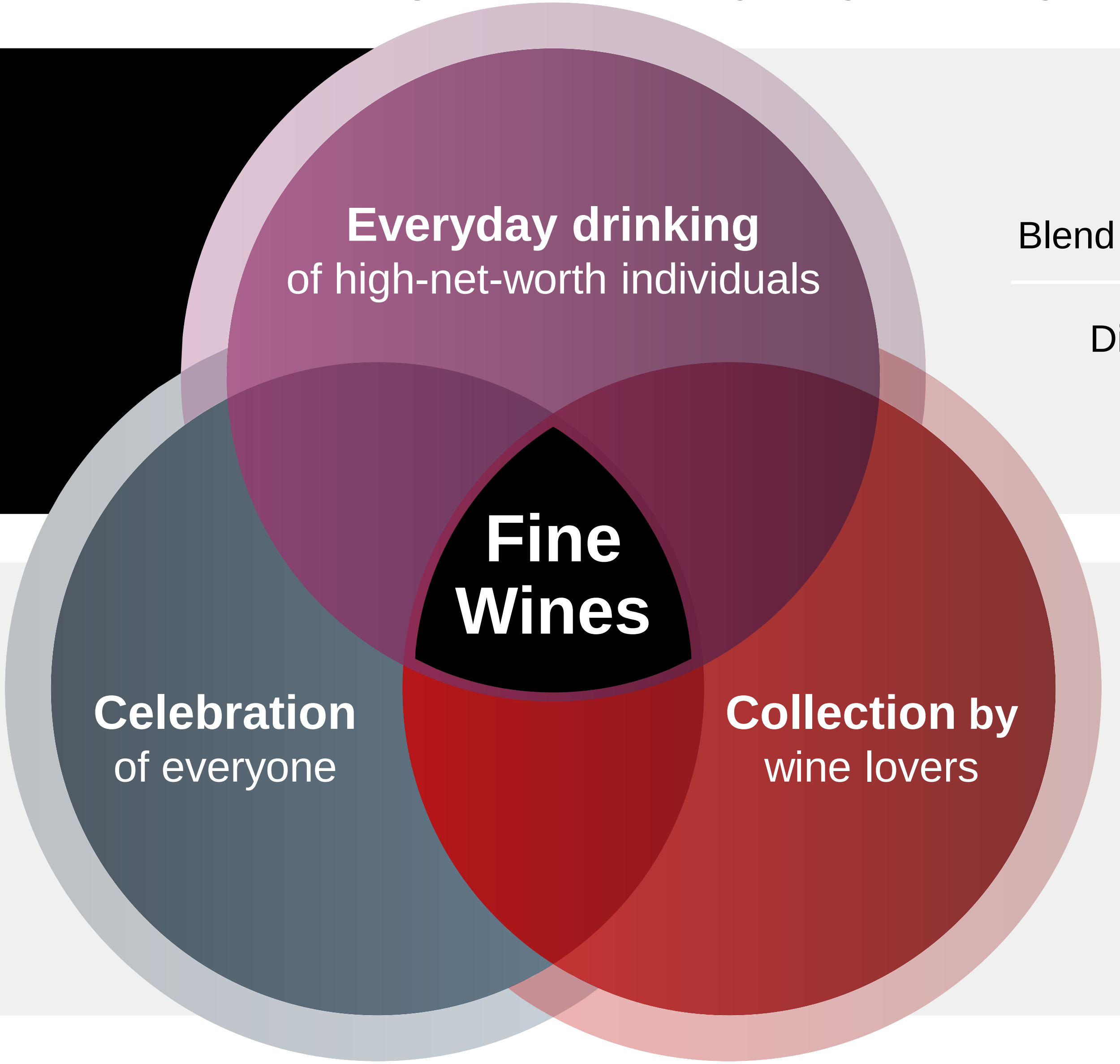
Year-over-year (2023–2024E) growth

	Fine Wines	Spirits, Gourmet Food & Fine Dining	Personal Luxury Goods	Luxury Cars	Luxury Hospitality	High-Quality Design Furniture & Homeware	Fine Art	Private Jets & Yachts	Luxury Cruises
@CURRENTFX	(3%)	5%	(2%)	(5%)	4%	(2%)	(7%)	13%	30%
@CONSTANTFX	(2%)	7%	0%	(3%)	5%	(1%)	(7%)	14%	31%

What do we mean by Fine Wines?

A blend of celebration, collecting, and everyday luxury

Fine Wines stands at the crossroads



Blend of luxury within daily routine

Distinction in casual moments

Toast to life moments

Savoring the present

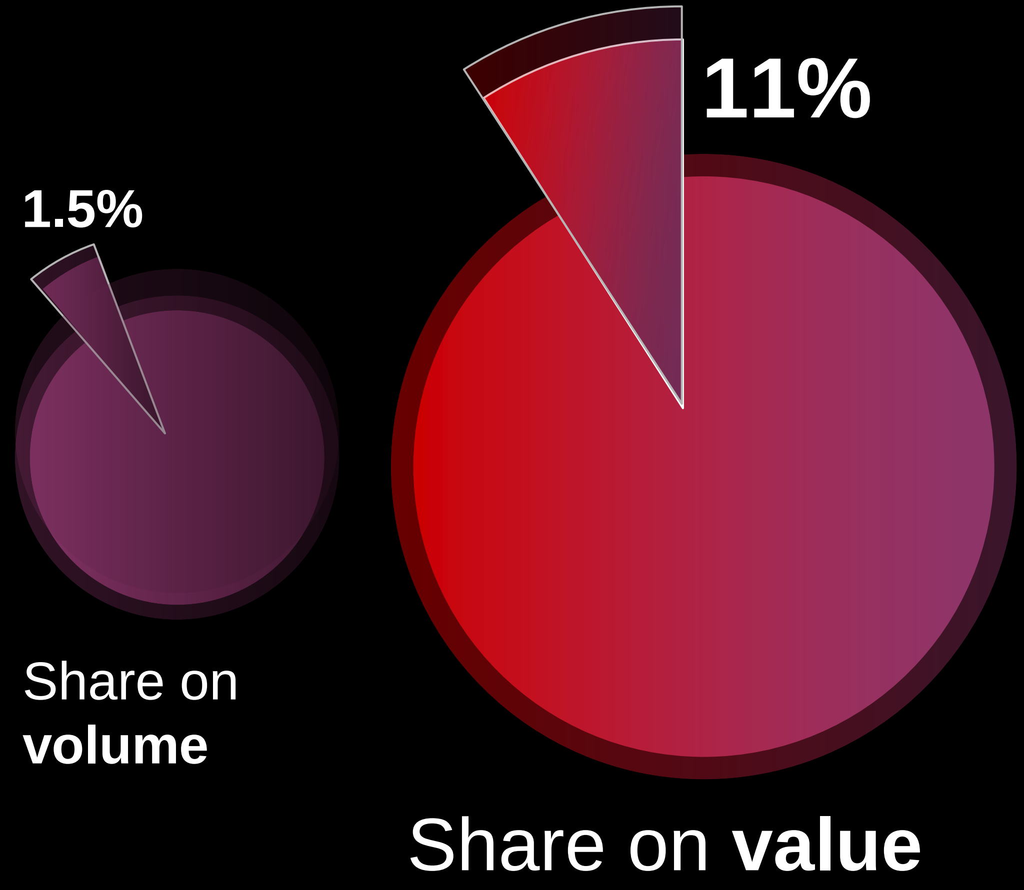
A timeless investment

An ode to mastery

Fine Wines represents a minor portion of total wine market

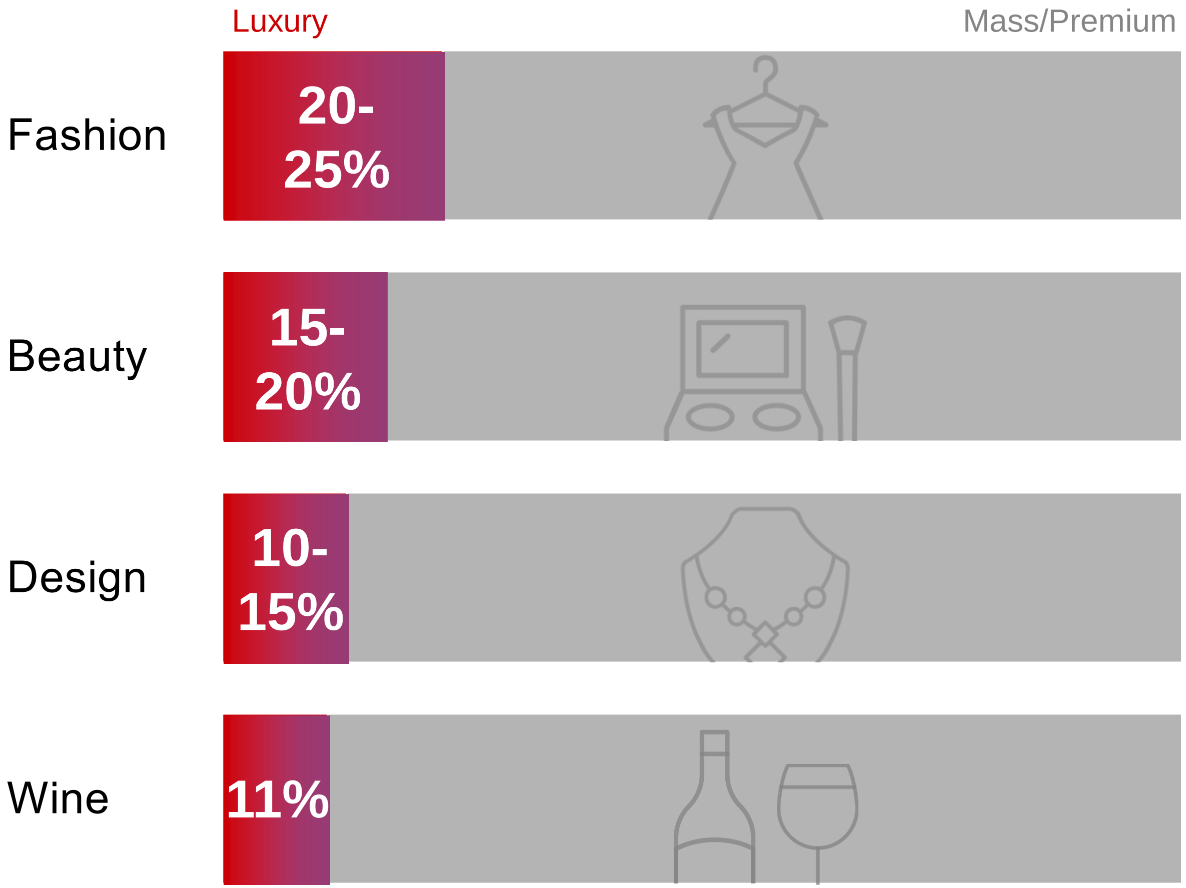
Fine Wines market over Total Wine market

(2024E | %)



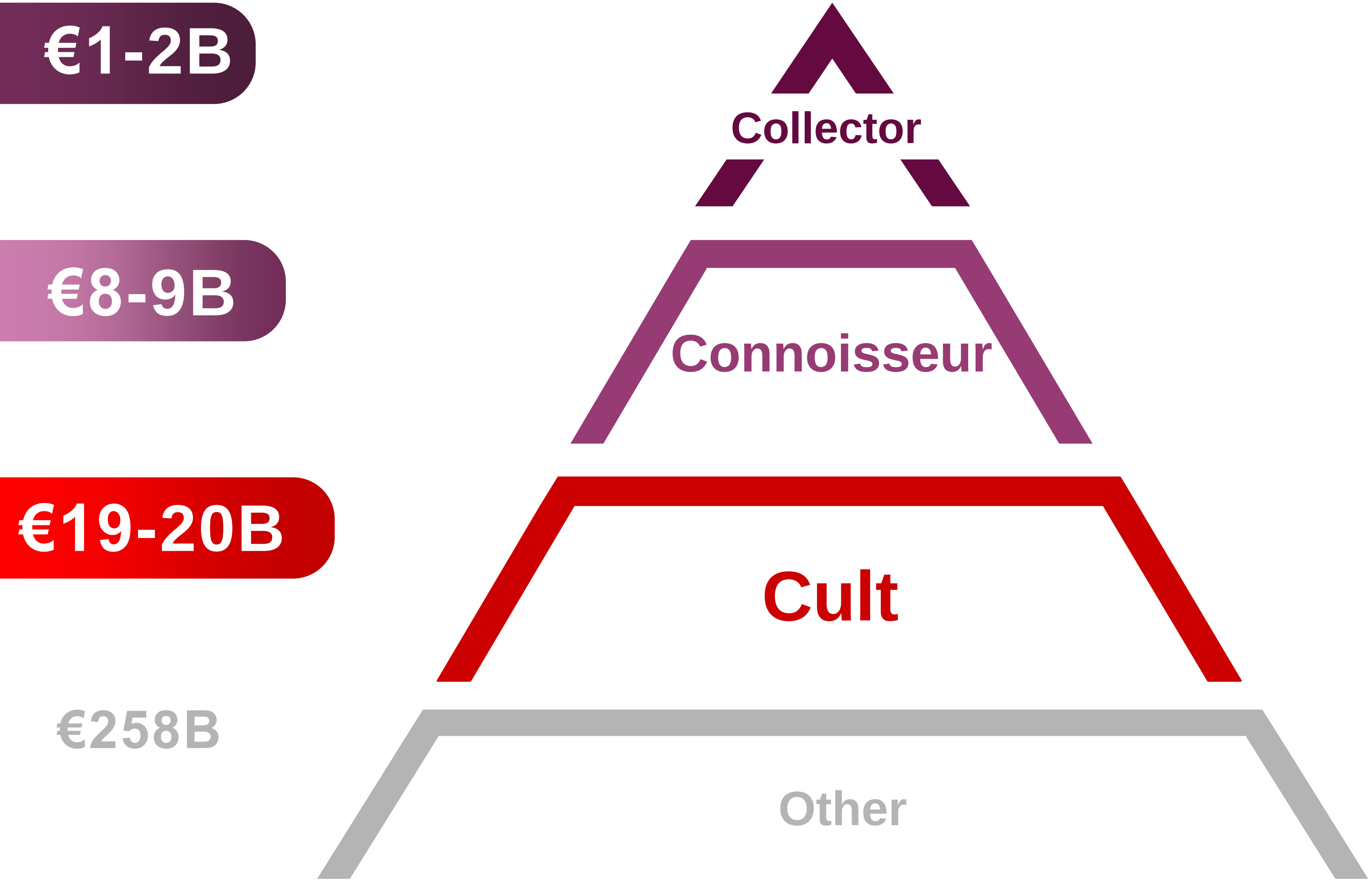
Luxury markets' percentage share of value

(2024E)



Fine Wines market includes more than 400 players divided across three segments

2023 | €B @RTL Value



+400 players | **+6** categories | **+30** origins

Investment-grade legacy
at the pinnacle of prestige

Nuanced and terroir- driven
crafted for seasoned "*vinophile*"

Wine foundations
trusted cornerstones for fine wines consumption

Comparing **Fine Wines** to **broader luxury markets**

Some **similarities with** personal luxury and high-end design

High concentration on top 10 brands

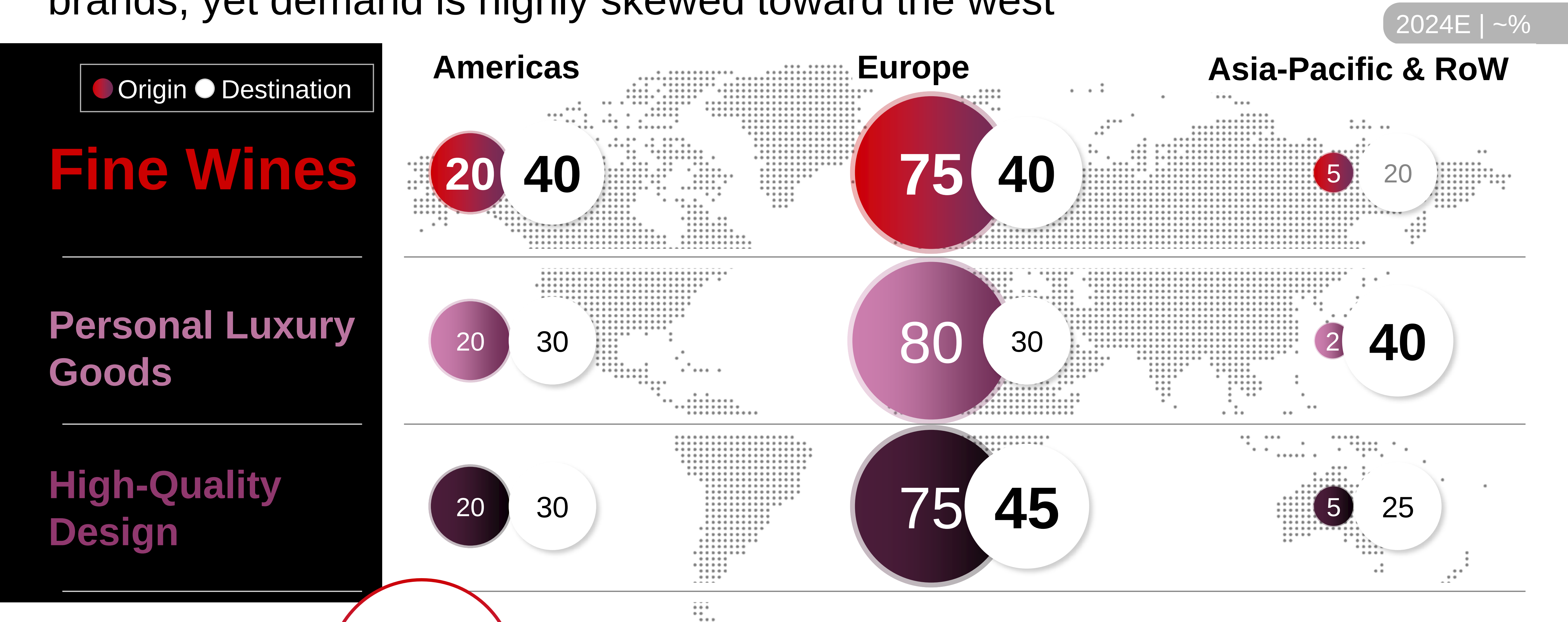
Origin centered around **European** brands

Although with key **differentiating elements**

Yet **greater fragmentation** on **the long tail** of **small vineyards**

But with **demand** still **focused** within the **West**

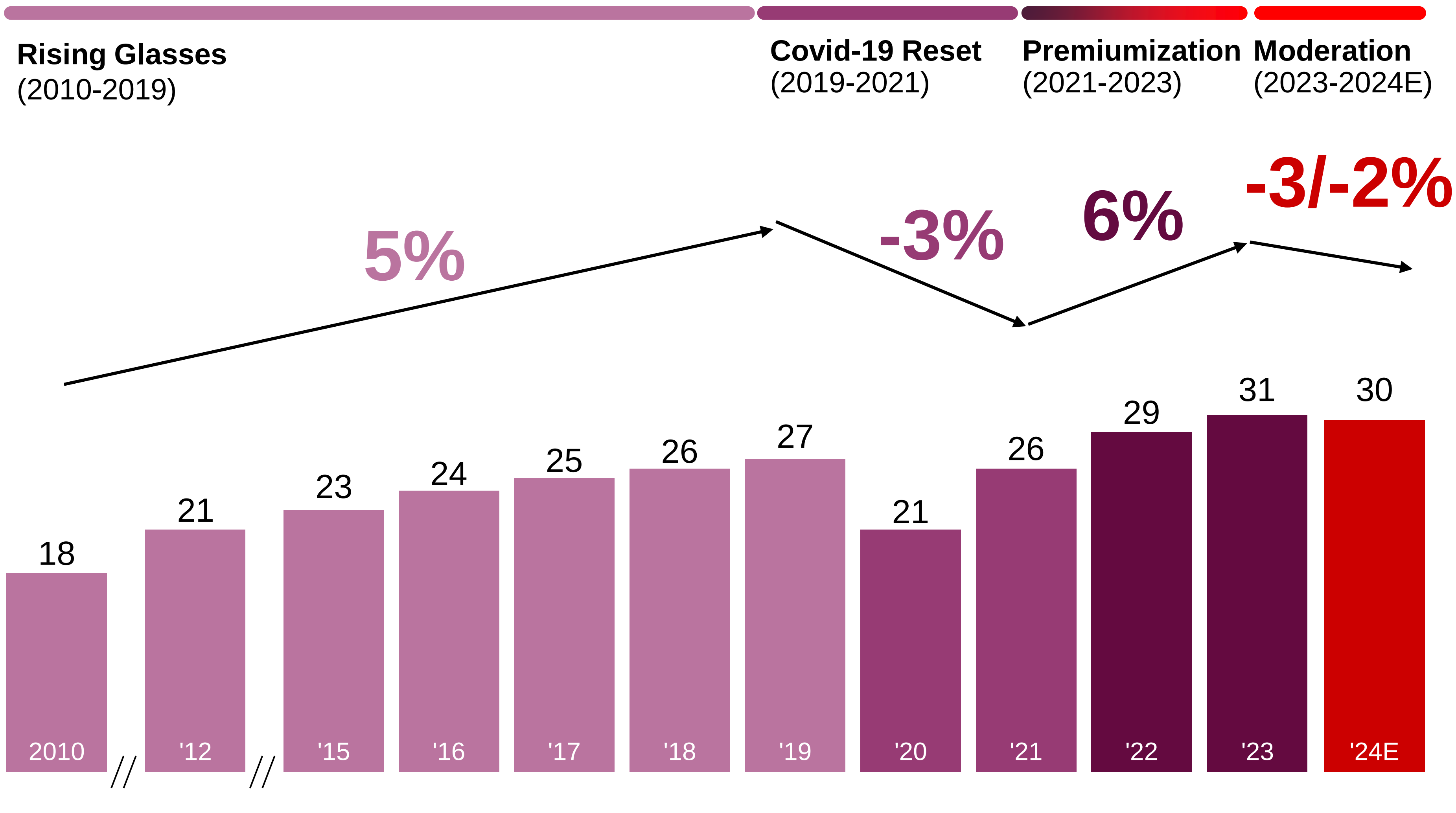
Similarly to other luxury categories, Fine Wines is dominated by European brands, yet demand is highly skewed toward the west



80% **Fine Wines consumption** due in the **Western world**
vs. only 60% for Personal Luxury Goods category

After a decade of continuous growth, Fine Wines is experiencing its first downturn (excluding Covid-19 period)

Fine Wines Market Evolution (€B | 2010–2024E)



2023–2024E YOY

Current exchange rates	-3/-2%
Constant exchange rates	-2/-1%

AMID STRUCTURAL PRESSURE

Fine Wines exhibiting slightly **negative growth**, with **cautious consumer spending driven by trends of moderating consumption and downtrading**

Continued premiumization

"Drink better" as longtime mantra

Western-centric demand

Market of two markets

Bubbles and beyond

Still wines remain dominant, yet rising bubbles

French & Italian excellence

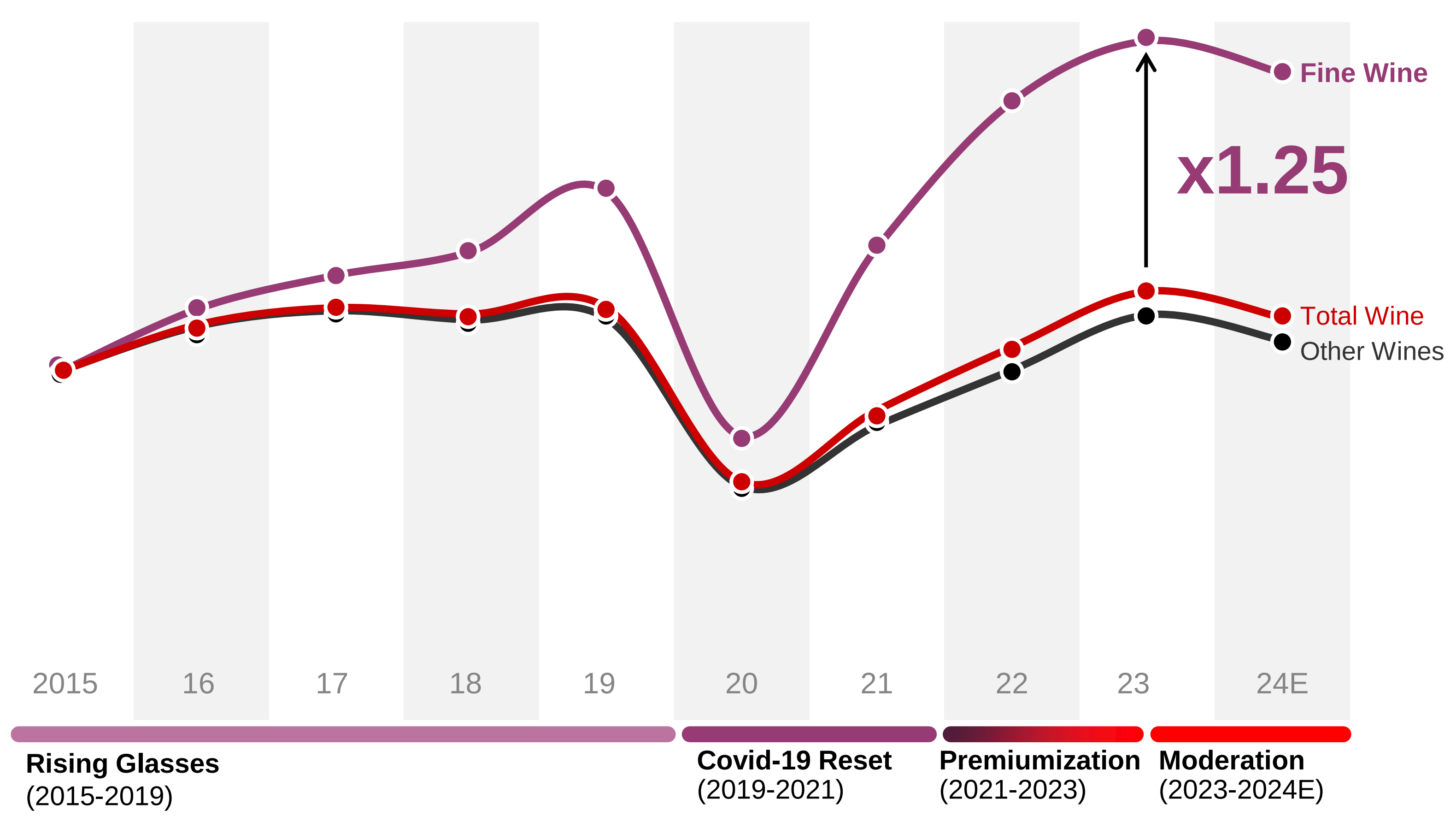
Europeans leading the way

On- and off-trade balance

Diversified and multilayer channel ecosystem

Wine consumption has premiumized consistently in the last decade

Wine market evolution by type (2015–2024E | indexed to 2015)



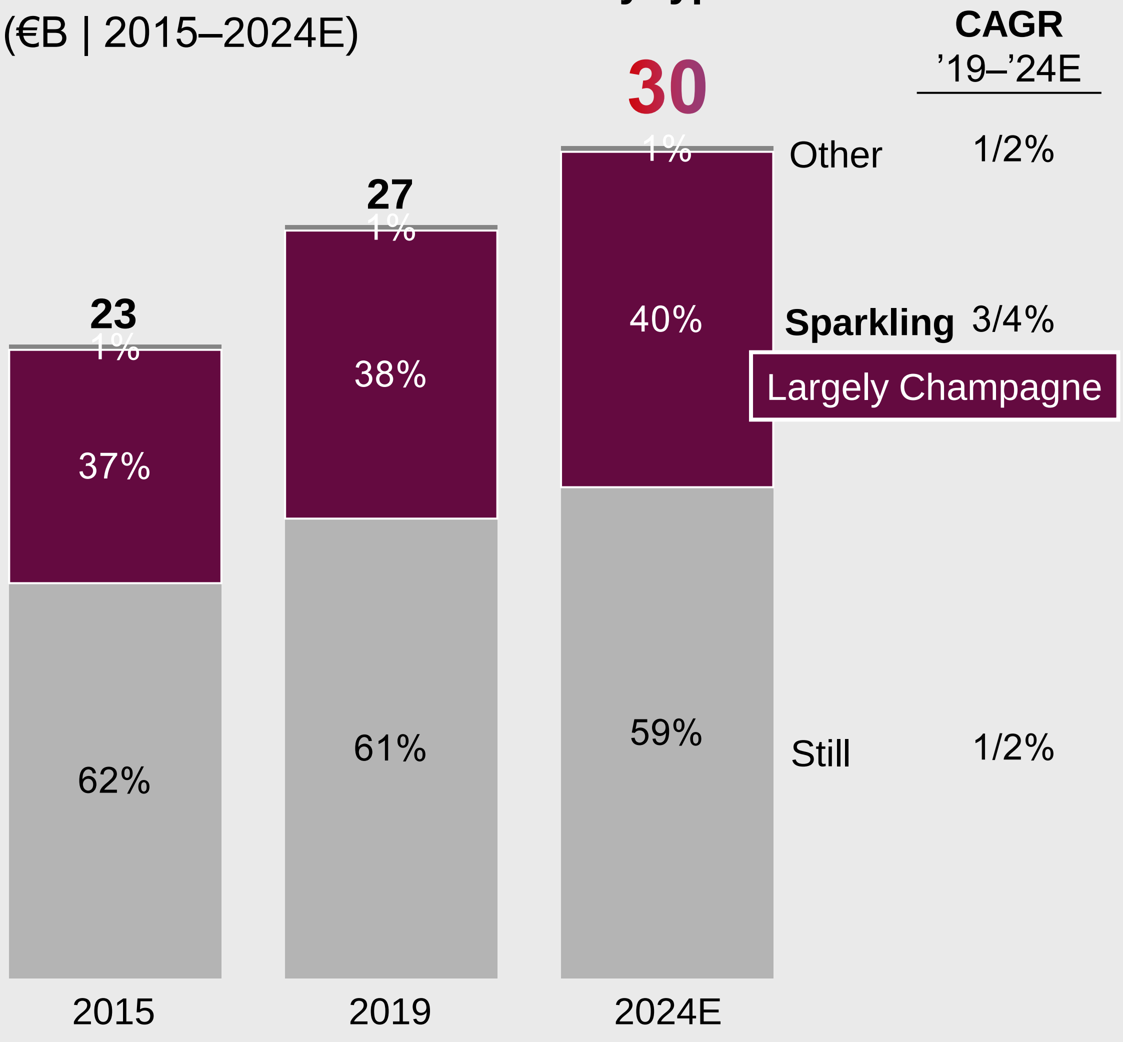
	CAGR '15–'19	CAGR '19–'21	CAGR '21-–24E
Total Wine	2%	-5%	3%
Fine Wines	4%	-3%	5%
Other Wines	1%	-6%	3%

Premiumization of consumption

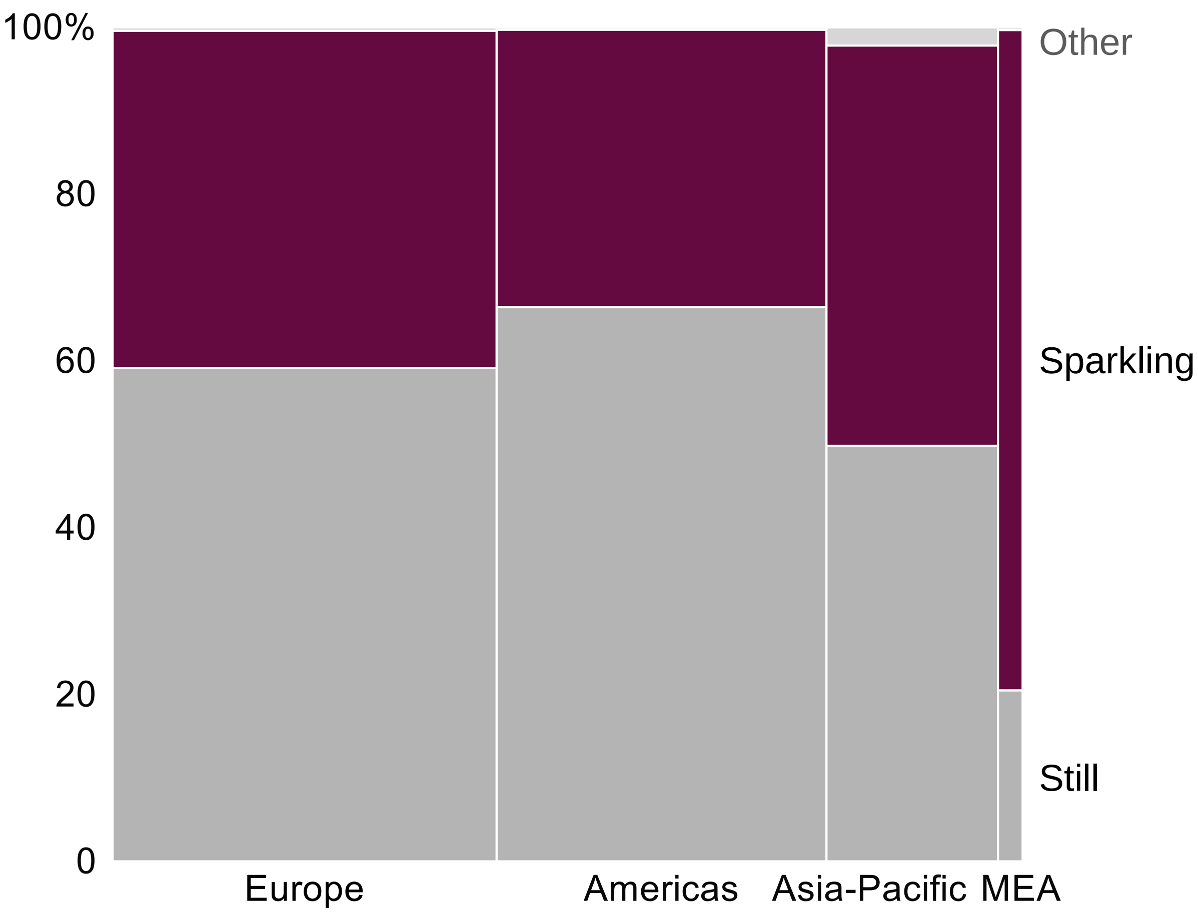
Fine Wines' outperformance confirms the **long-term trend of 'drink better'** rather than 'drink more', reflecting customers' continuous demand **for high-quality drinking,** demonstrating **resilience amid economic** fluctuations and establishing **fine wines as a stable asset, particularly during periods with troubled outlooks**

Still Wines represent ~60% of the market, mostly relevant in Americas; "bubbles" led by Champagne, overly penetrated in Asia-Pacific and MEA

Fine Wines market evolution by type
(€B | 2015–2024E)



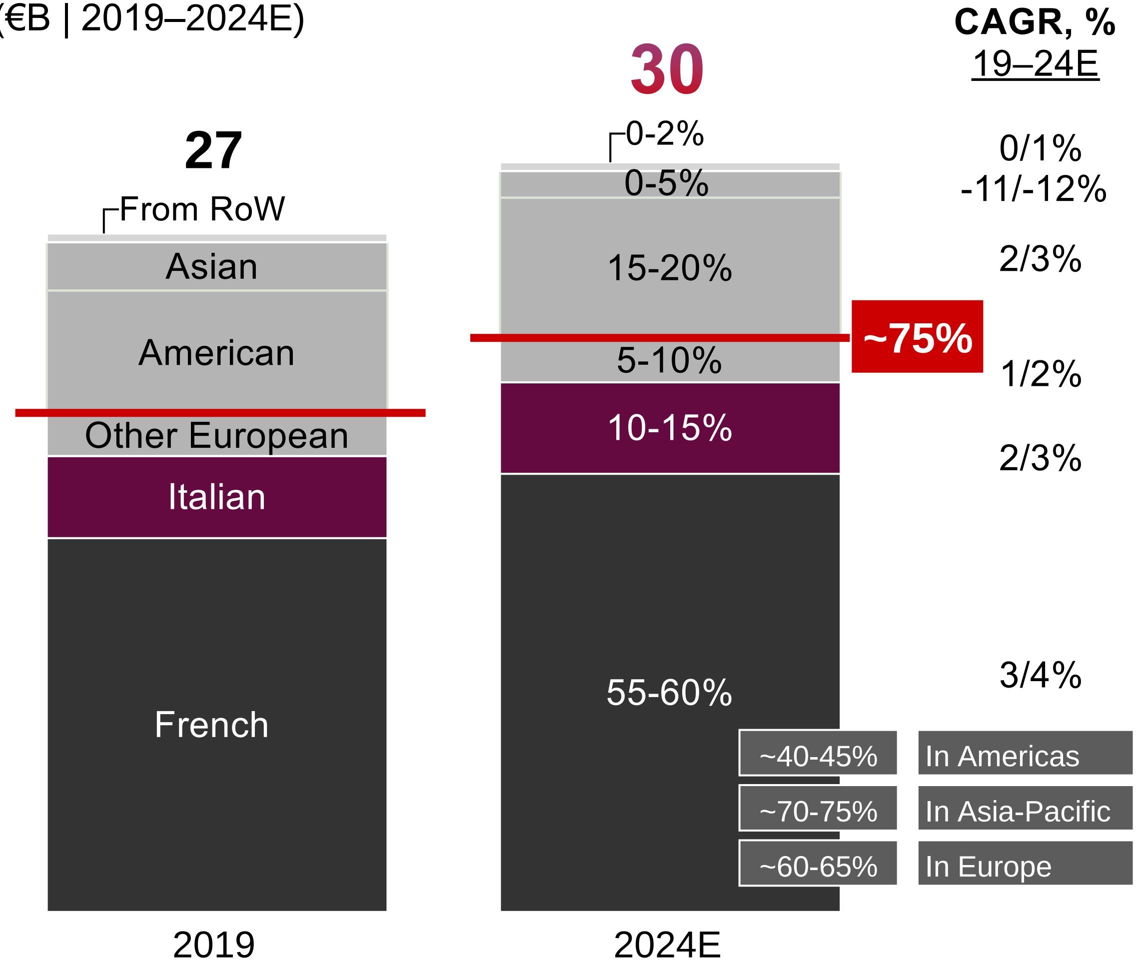
Fine Wines market by geography and type
(€B | 2024E)



French Wines dominating the landscape across regions, especially within Sparkling (Champagne) – Italians winning mostly locally

Globally, **European** wines **dominate**

Fine Wines market evolution by origin, %
(€B | 2019–2024E)

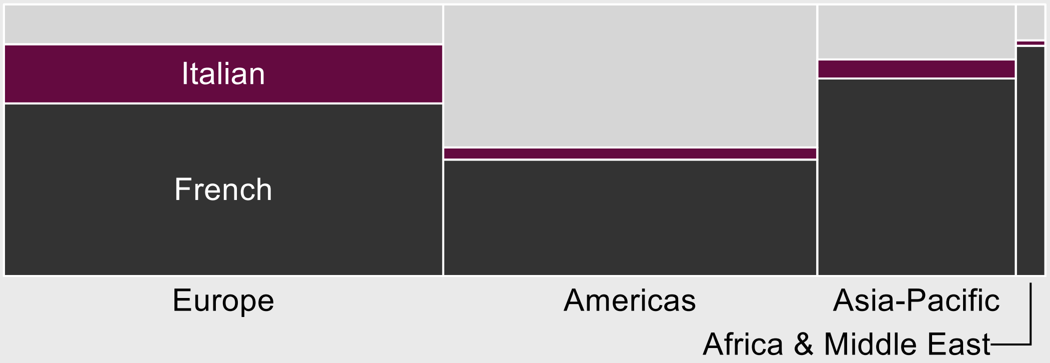


French reigning on Sparkling

Fine Wines market by origin and type, (€B | 2024E)

While Italian wines yet to win outside Europe

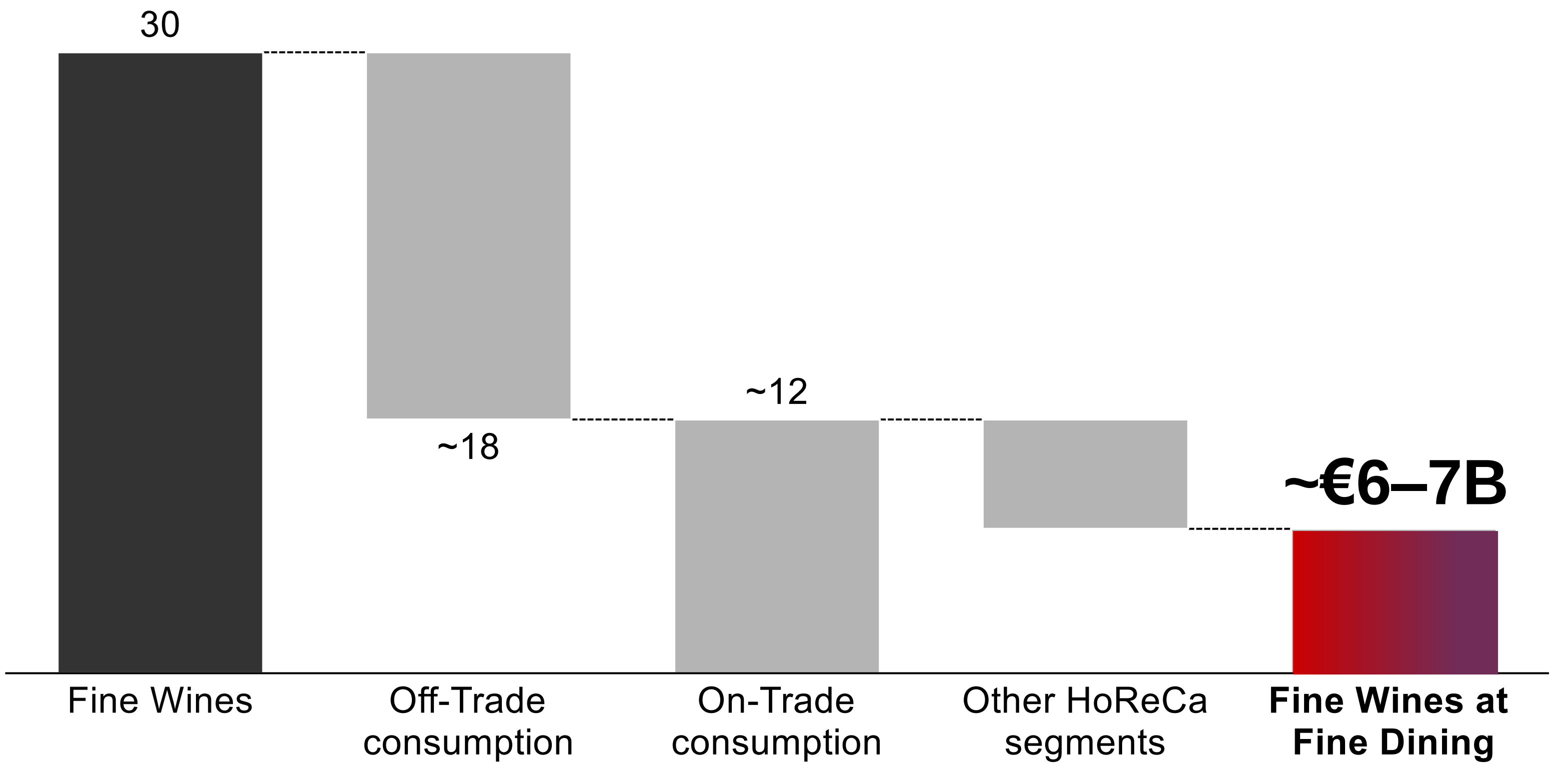
Fine Wines Market by origin and destination (€B | 2024E)



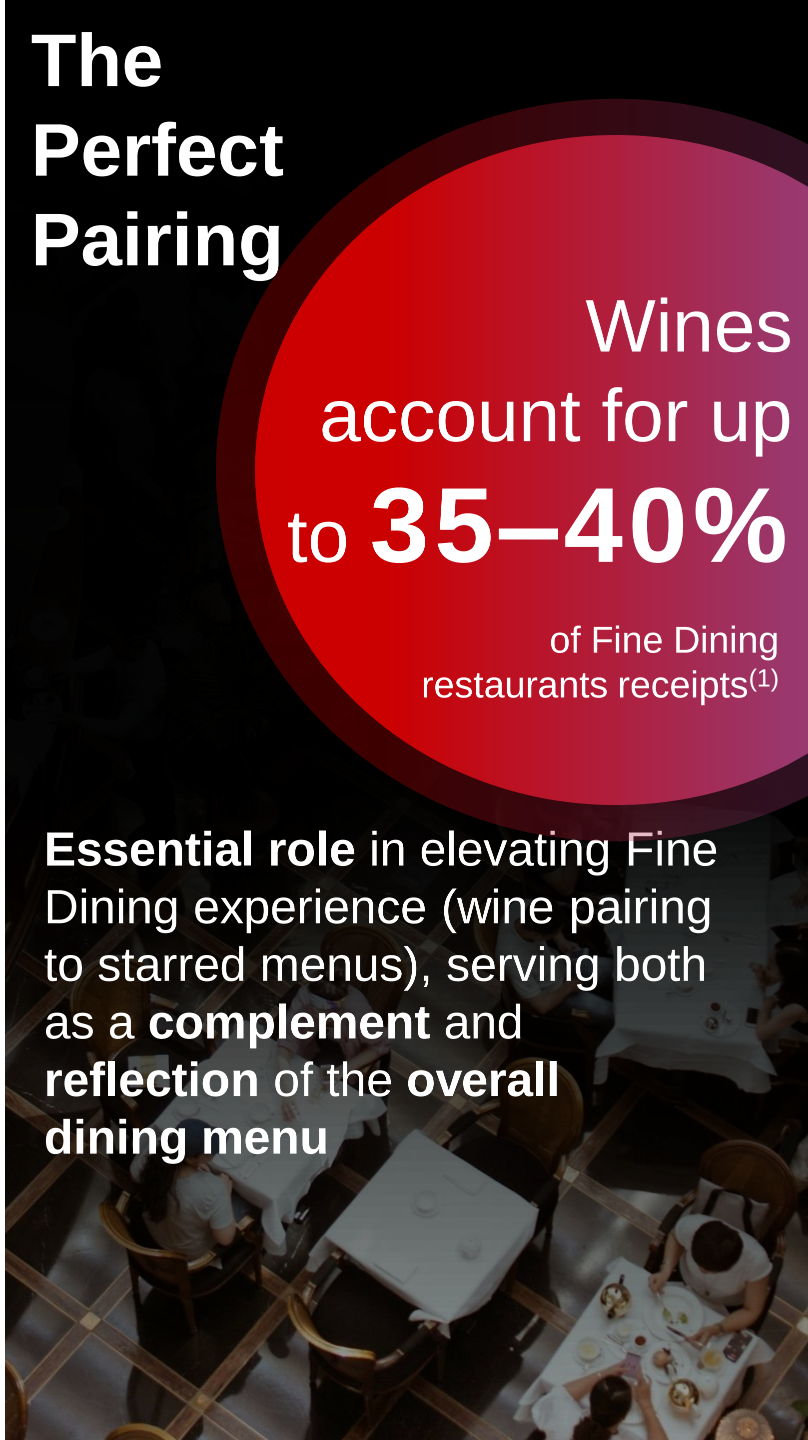
Fine Wines are a co-protagonist within fine dining experiences

Fine Wines at Fine Dining

2024E | €B



Note: (1) Wine spending over fine dining receipt in case of wine pairing in Michelin-starred restaurants



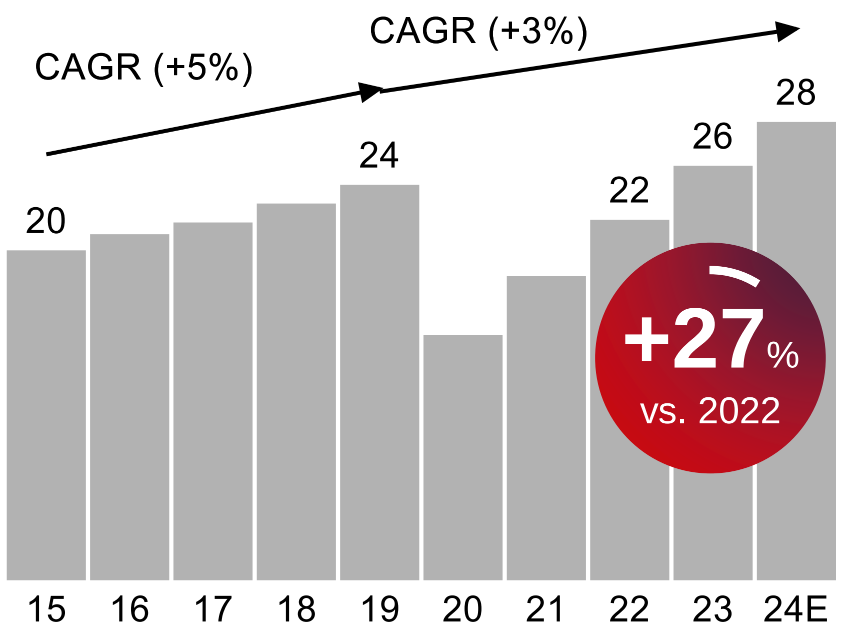
The Perfect Pairing

Wines account for up to **35–40%** of Fine Dining restaurants receipts[(1)]

Essential role in elevating Fine Dining experience (wine pairing to starred menus), serving both as a **complement** and **reflection** of the **overall dining menu**

Fine Dining, highly impacted by Covid-19, drives the experientiality secular trend

Fine Dining market evolution
(€B | 2015–2024E)



KEY FEATURES

Large-scale network

~14k+
venues worldwide

Large number of fine-dining restaurants worldwide, including Michelin-starred, high-end fine-dining and high-ticket solutions

Largely independent

~90–95%
total venues

Independent restaurants dominate the scene, especially within Europe and Asia; Americas highly penetrated by high-end chains

European-led

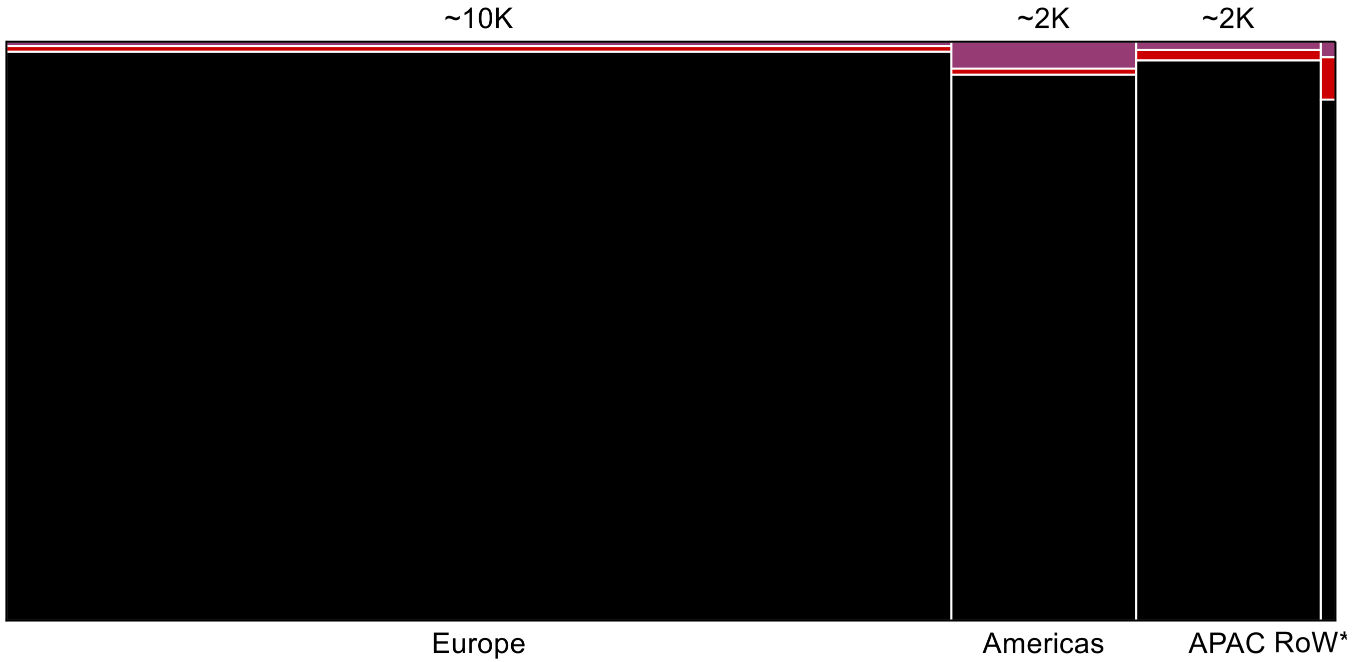
~50–55%
total market

Europe accounts for more than half **of** the market, mostly dominated by independent restaurants, mixed in urban regions and holiday destinations

Fine Dining market features ~14.000 venues worldwide; Europe dominates the scene, but local concepts remains highly relevant

Fine Dining **venues** by region and by nature (As of December '24 | #)

~14.000 venues worldwide



of which **~3.500+** **Michelin-starred** restaurants

Food is the **star**

Food show is the **star**

Experience is the star

Lifestyle venues

Fine Dining with Entertainment has grown in market share in recent years

DIFFERENT KINDS OF STARS

% of venues (24E)

~98%

>13.500 venues

"Food is the star"

Top-rated cuisine in elegant settings, chosen for exceptional dining and world-renowned chefs
(Mostly Michelin-starred venues)

"Food show is the star"

Focus on food with cooking/food show to entertain the clientele during dining
(include both Michelin-starred venues and others)

~1%

"Experience is the star"

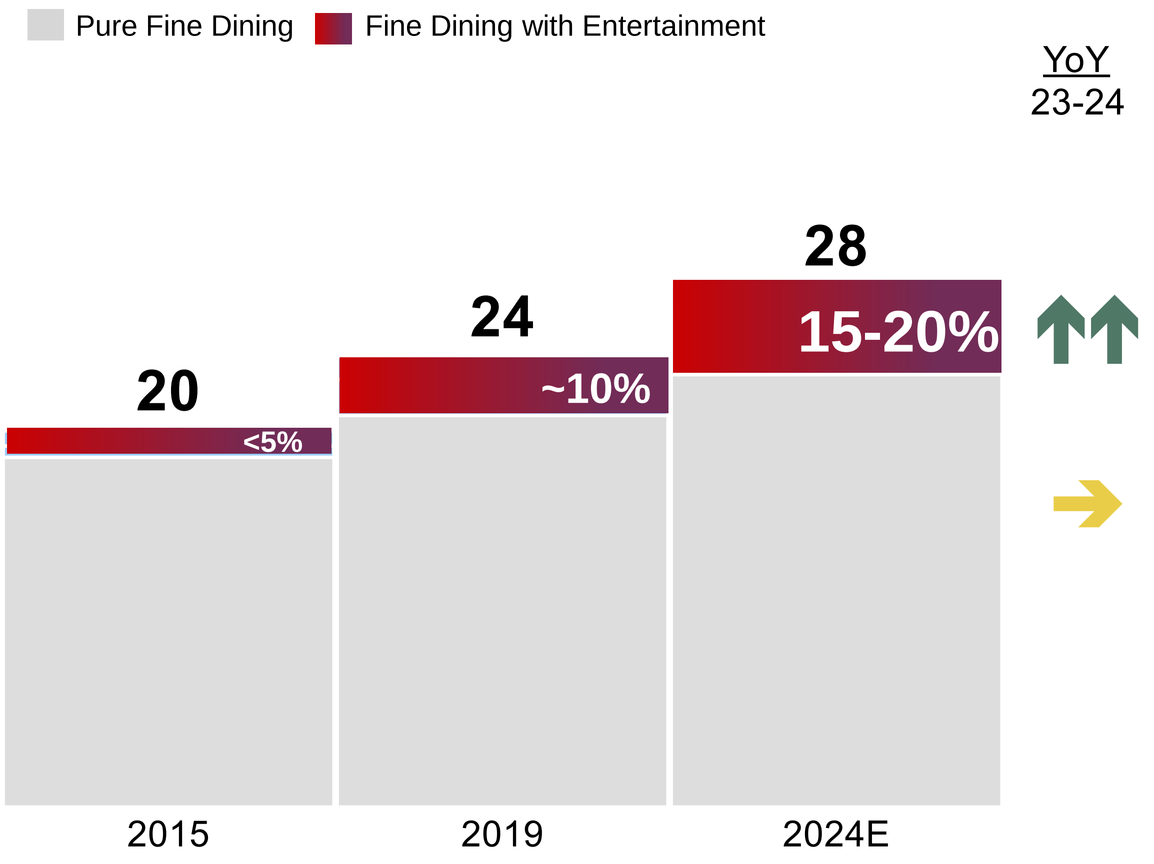
Venues offering fine dining experience (highly rated cuisine), coupled with diverse kinds of entertainment
(spanning from music, show, night, and beach clubs)

~1%

"Lifestyle" venues

Exclusive clubs for a daily high-end experience
(*mostly in resort locations or in Tier-1 cities)*

Fine Dining evolution by type of venue
(€B | 2015–2024E)



TRENDS AND SHORT-TERM DYNAMICS

Five burning platforms within Fine Wines, intermingling with Fine Dining

CONSUMER TRENDS

FINE WINES

Shifting drinking preferences

Growing no-and low-alcohol (NoLo) value propositions

Moderation amid downtrading

New value propositions

Wine as an asset class

Marketing models evolution

Untapped boundaries

New geographical growth pools to explore

FINE DINING

Experientiality on the rise

Desire for experientiality fueling out-of-home consumption

Evolving dining concepts

New fine dining patterns emerging

PATTERNS

Climate change

Brand consolidation

Polarizing profitability

“NoLo” sentiment is rising among younger generations

Health and well-being as catalyst of moderation

Consumers are increasingly prioritizing **mental and physical health,** driving **reduced** alcohol intake and **demand for healthier options**

3x growth in the last 10 years of online interest for nonalcoholic wine

~65% of drinkers in top 10 markets moderating alcohol consumption

~ 9x

2028E

No-Alcohol Wine evolution
(‘15–’28E | €)

2023

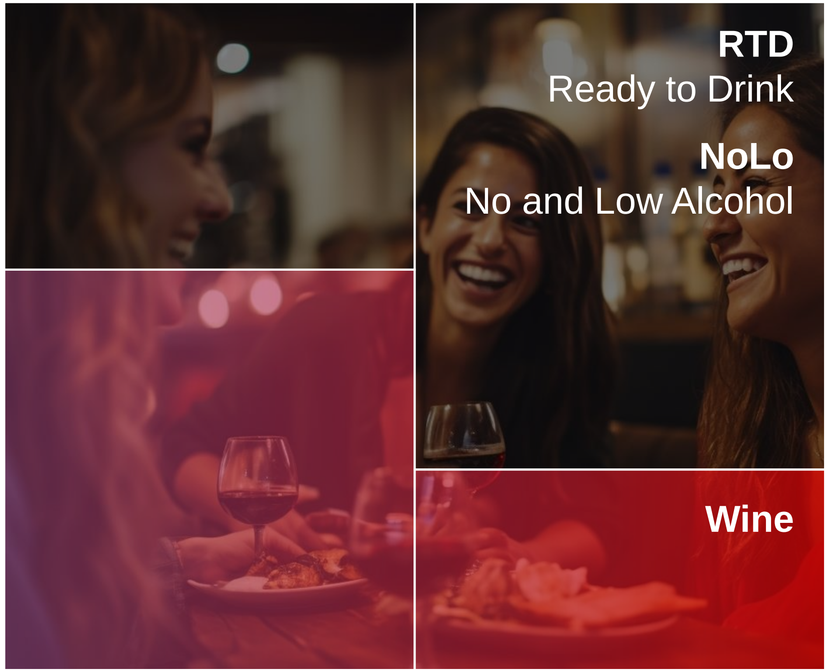
2015

Younger generations raising a glass to sobriety

Rise of **“young” sober curiosity** fueled by new **value proposition**, **reduced alcohol interest,** and **expanding availability of NoLo options**

Preferred alcohol beverage by generation

GenX GenZ



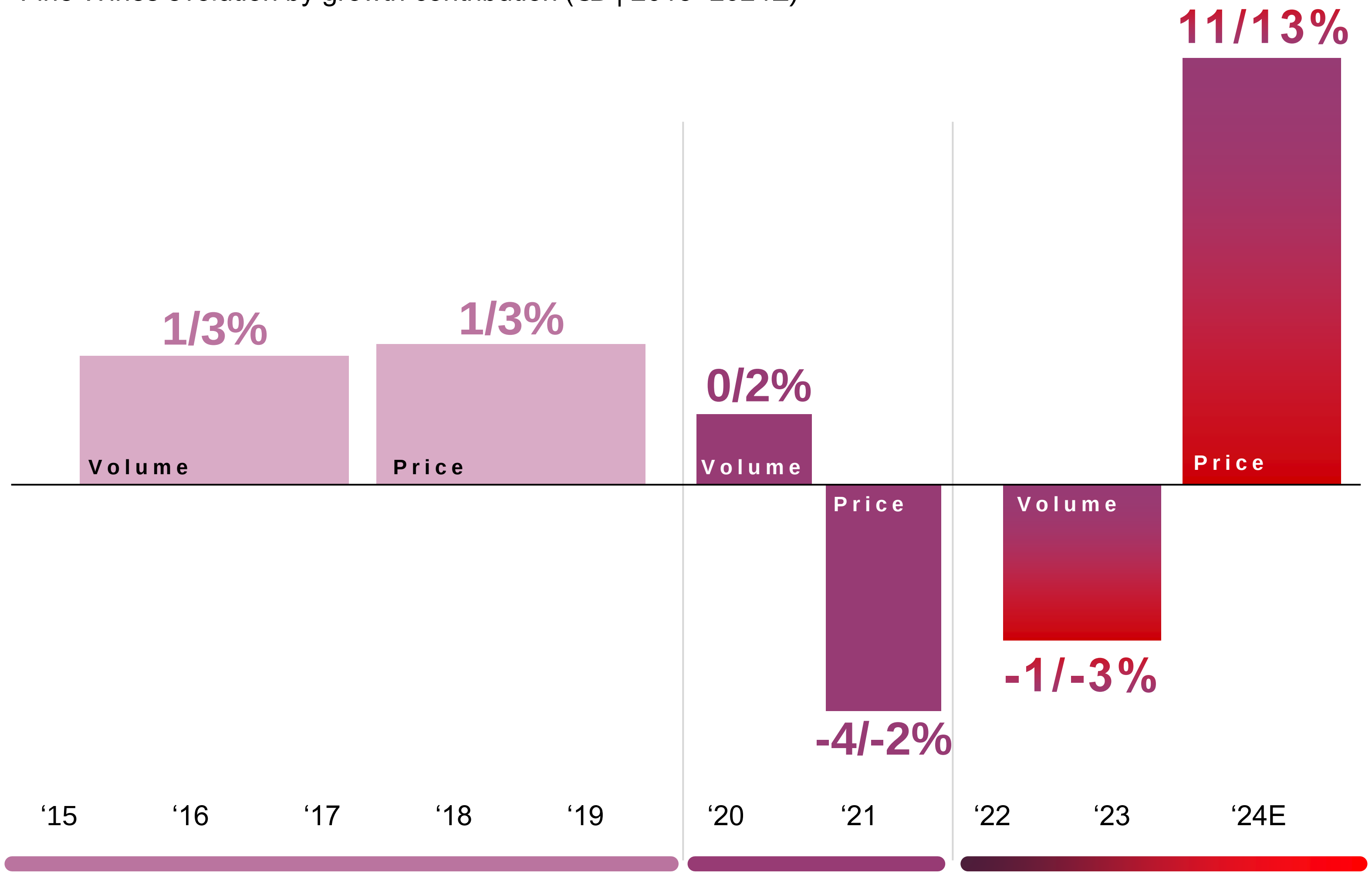
Quality over Quantity

Health as Badge Value

Innovative Experimentation

Moderation and downtrading intermingling – resulting in polarization across the pyramid

Fine Wines evolution by growth contribution (€B | 2015–2024E)



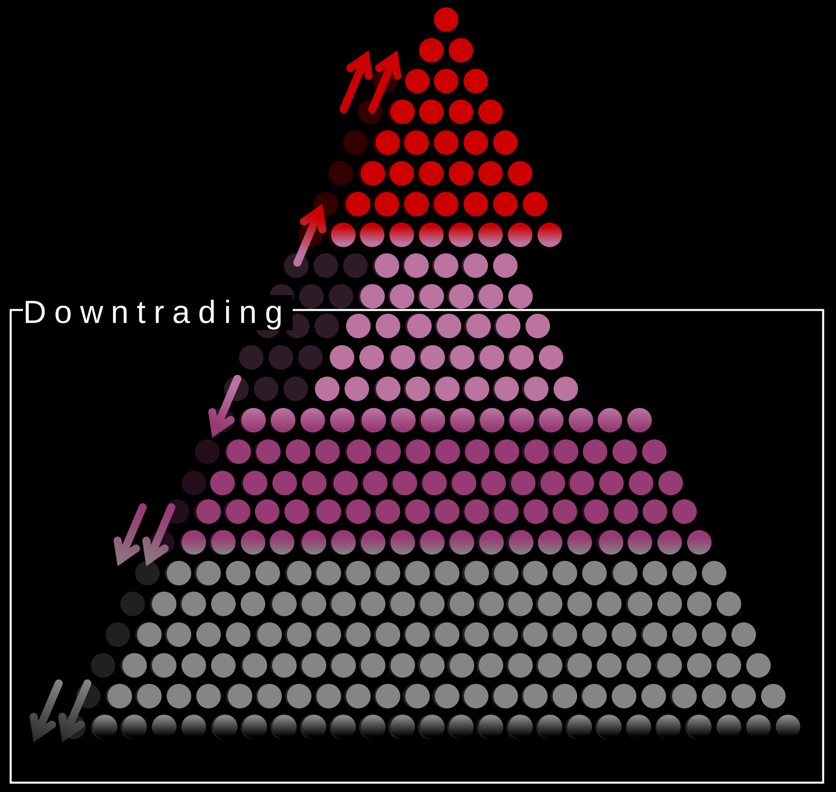
Rising Glasses (2015–2019)

Covid-19 Reset (2019–2021)

Premiumization & Moderation (2021–2024E)

Moderation Meets Value-for-Money

Fine Wines Pyramid (2024E)



Moderation amid premiumization

Drop of '**Everyone Celebrating**' customers

Diffused **downtrading** to **mass segment**

Fine Wines is increasingly becoming an asset class, driven by rising intrinsic and induced scarcity

Fine wines as an **asset-class**

Price appreciation
Proven track record of steadily increasing value, driven by limited supply and growing demand

Low volatility
Highly resilient to economic downturns vs. traditional assets, due to scarcity and steady collectors

Intrinsic value
Rooted in rare and historically significant regions, with aging enhancing quality

Induced scarcity
Controlled production and strategic releases enhancing appeal and perceived value

Tax efficiency
Exempted from some countries' capital gains tax due to its classification as "wasting asset"

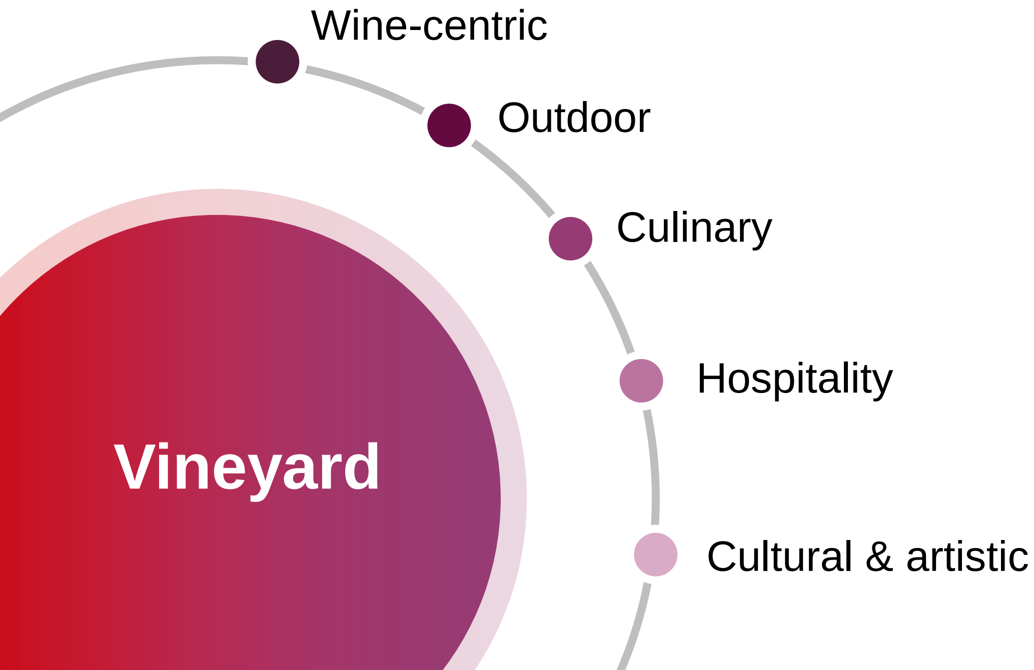
Growing recognition
Increased access and relevance of marketplaces for wine-trading, heightening institutional credibility

Wine lovers seeking immersive journeys are driving OOH surge

The surge in experiential consumption

Drivers

- Authentic taste of **local culture and traditions**
- Sense of **social community** and **place**
- Deep connection with **nature and terroir**
- Integration with the broader **luxury world**



Rising enotourism

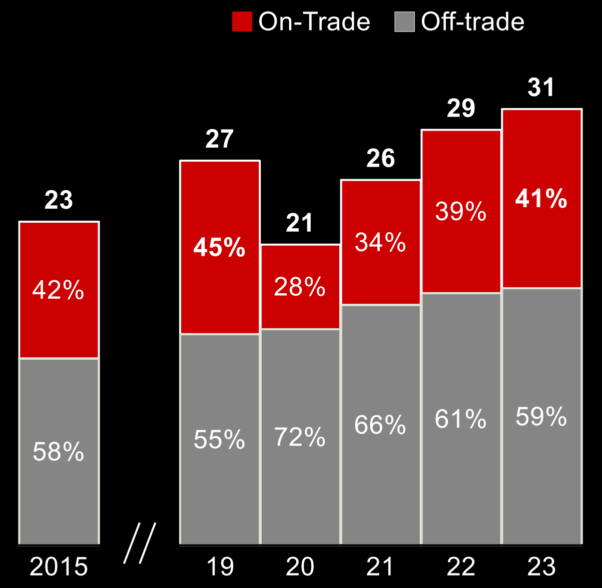
with **vineyards** as the new **playground for consumer engagement**

>50% of wine consumed OOH is **sparkling**, led by higher penetration in both celebration occasions and enotourism

Driving OOH demand

Consumers pairing **out-of-home (OOH) experiences** with **wine drinking**, with channel gaining traction and reaching pre-pandemic levels

Fine Wines evolution by channel (2015–2023 | €B)



Desire for dining experiences shifting toward a **'different yet familiar' setting**

Experience blurring beyond and after dining

Growing interest in overall mood-captivation and **entertainment during** (e.g., show) **& after dining** (e.g., night-club)

Engaging **entertainment beyond food-led fine dining**

Immersive **environments** designed to impress

Unforgettable **experience** to exceed consumers' expectations

Community aggregation

Shared desire for elevated dining is pushing venues to become **community aggregators** for **like-minded individuals**

Desirability and exclusivity of self-selecting community

Nightclub as a **gateway** to **new generations**

(G) Local familiarity

Quest for a **"setting change"** without losing a **sense of familiarity** of beloved fine dining venues, especially among **younger luxury consumers**

Consolidated value proposition enriched with a **"local touch" for global brands**

"Feel at home far from home" atmosphere and menus

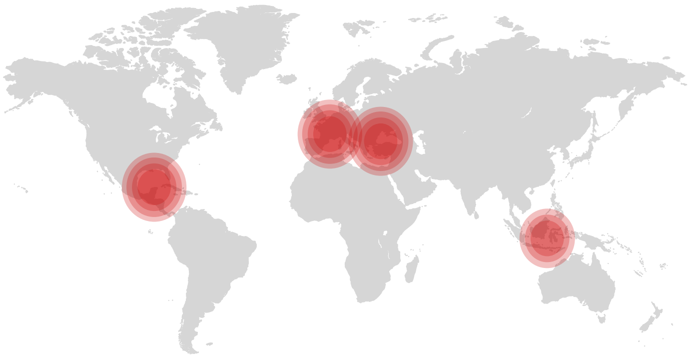
Search for experientiality is fueling growth in restaurants **brandization** and ***chainification*** through scalable models and hero products

Define an **innovative concept rooted** on **Hero Products**

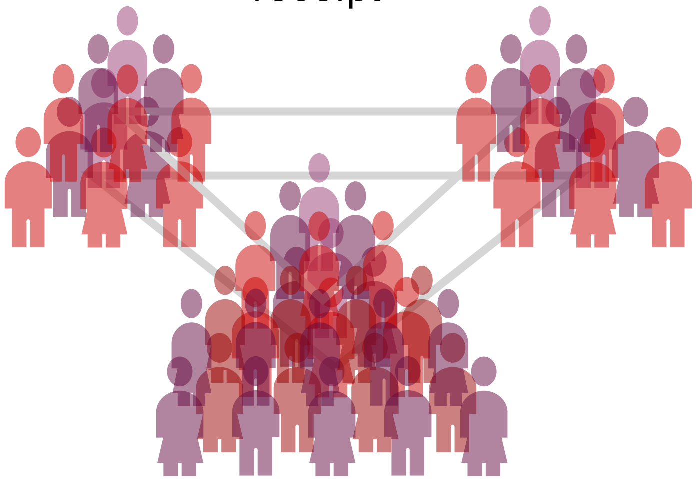
Build up brand equity, through uniqueness and recognizability

Roll out the concept across the globe

Target hyped geographical **areas** with strong **prospects of future growth**



Scale up to neighboring countries with a similar client base and hero receipt



Expand on a global scale, rolling out an "industrialized" product/ experience that **is affiliated directly with the brand**

20+

venues worldwide per chain[1]

~1.5–2x

venues vs. 2019[1]

Note: (1) Fine Dining and Entertainment global chains

US pioneering consolidation of small and mid-sized producers to cope with global scale complexities, gradually followed by Europeans

The US is leading in consolidation, which is reshaping the landscape

Strong M&A activity within US market

~30 **M&A transactions** per year (L3Yrs)

~$8B **Cumulative value** per year (L3Yrs)

With growing scale

2022–2023 | $B

2x **Avg. transactions value ($B)**
Between 2022 and 2023

Europe is **following** suit with consolidation efforts, yet focusing still on **small producers**

+10
2024E

Fine Wines M&A transactions in **Italy and France**

Consolidation to reach new standards

Expand into new markets
entering emerging and niche regions while enhancing brand recognition and awareness

Enrich portfolio and Innovation
diversifying offerings while driving innovation to meet evolving consumer demands

Achieve synergies
streamlining operations and reducing redundancies

Foster resilience
leveraging synergies and strengthened bargaining power to navigate market uncertainties and economic challenges

Climate change poses challenges; brands should act collectively to secure their territories

Climate change **reshaping viticulture**

Rising threat to traditional southern regions, grappling with challenges

Rising temperatures
(+3°C increase from flowering to harvest in '24)

Extreme droughts and events
(-50mm rainfall from flowering to harvest in '24)

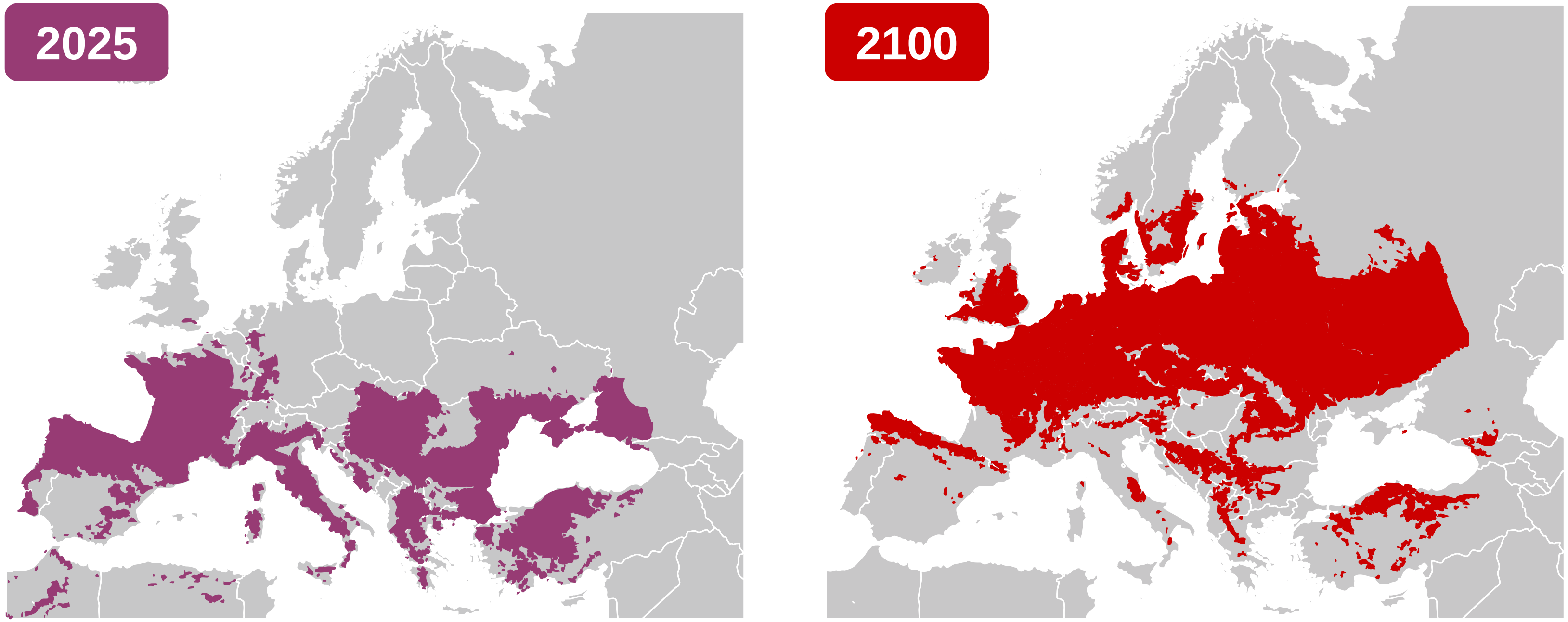
Emerging northern wine producers are gaining market presence

Favorable climate conditions
(optimal temperatures, longer growing seasons, milder weather events)

Advancement in viticulture
(e.g., the number of vineyards in Denmark has doubled over the past decade)

EXAMPLE

Cabernet Sauvignon will be viable at more northern latitudes by the end of the century



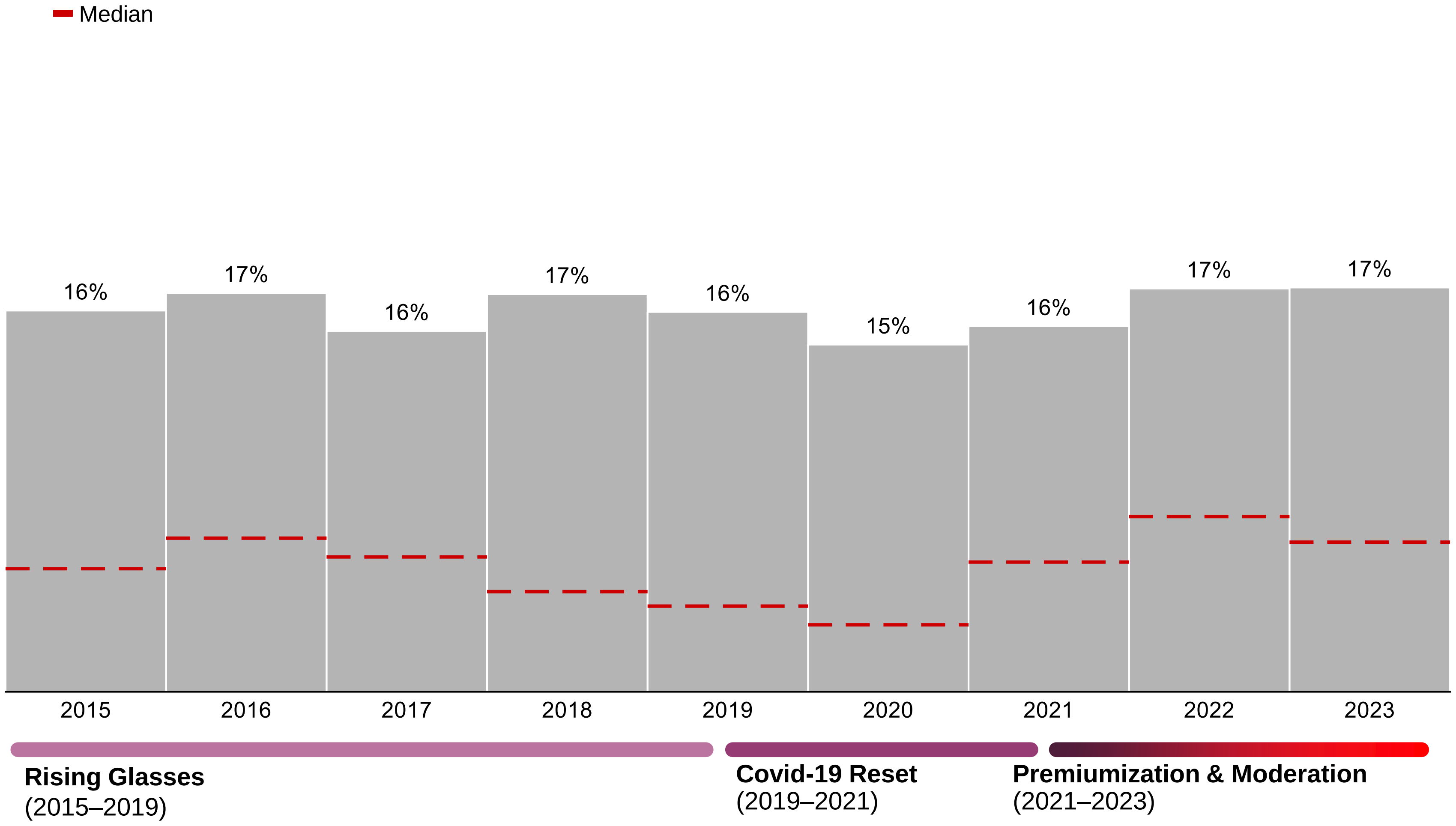
Region suitable* for growing Cabernet Sauvignon grapes

POTENTIAL MITIGATORS

Tighter policymaking	Tech for agriculture	Shared know-how and investments

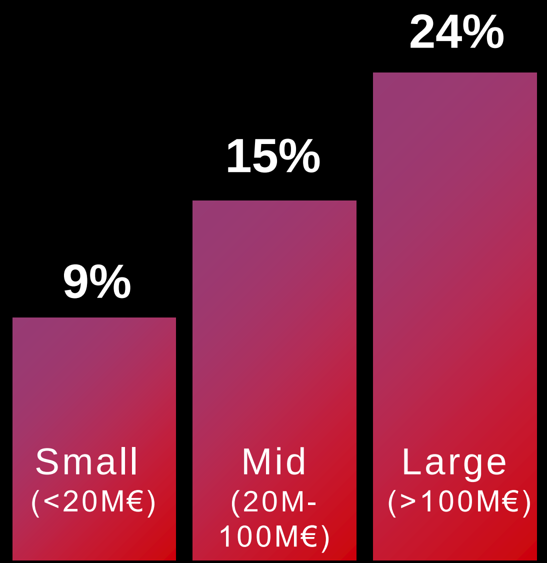
Italian brands had stable profitability over time, but **scale plays a growing role**

Fine Wines major **Italian brands** | EBIT margin evolution (%, 2015–2023)



Yet with significant differences across business sizes

Fine Wines | **Italian brands** **EBIT** by size cluster (%, 2023)



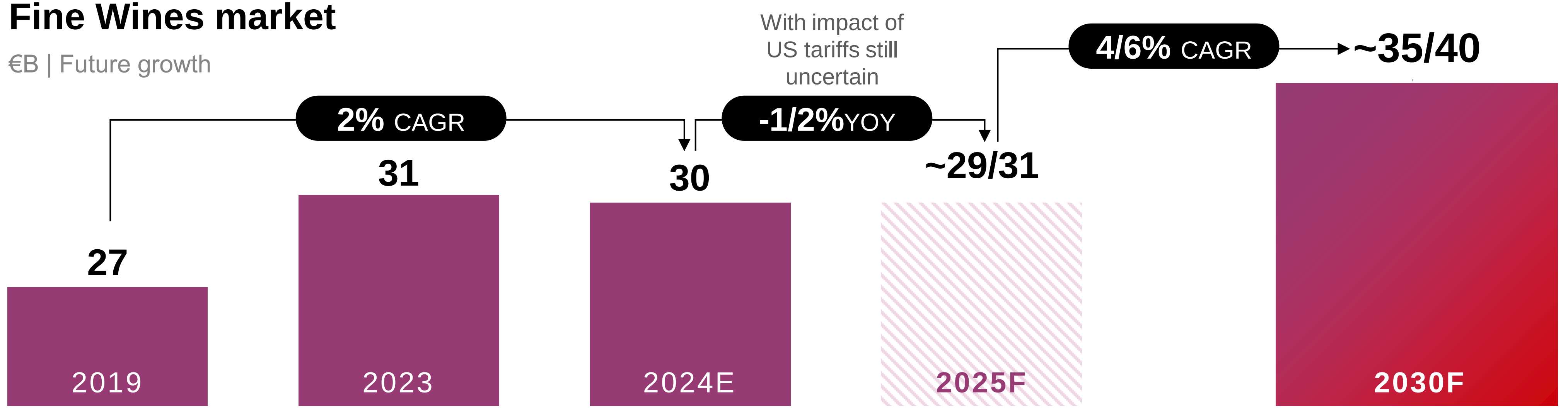
Large players drive market profitability, while smaller ones show comparatively modest performance

Sound fundamentals
driving long-term positive outlook

Short-term drivers			Long-term levers		
Economic uncertainty	Trade wars	Experiential consumption	Untapped regions (Asia-Pacific)	Consumer education	Consolidation and Brandization

Fine Wines market

€B | Future growth



Overperformance vs. total wine market

+2/4p.p.

by 2030F

Unveiling the challenges

Tomorrow's growth drivers

Create new consumption OCCASIONS

Win with **younger generations,** unlocking **new consumption occasions** by widening value propositions

Expand within new GEOGRAPHIES

Build tailored **go-to-market approaches** to expand within **unexplored pools of growth,** and attract new local consumers' taste

Upgrade marketing MODELS

Drive **customer education, awareness** and **engagement, by** leveraging on **always-on narratives** focused on values and experiences – while scaling within experiential dining formats

Spearhead SUSTAINABILITY

Embed **environmental-friendly practices** within industry **ways-of-doing to capture consumer demand**

Italy to raise its role vs. France, but currently hindered by **fragmentation** and limited **recognition**

ITALIAN BRANDS FACE GROWING CHALLENGES

Higher fragmentation

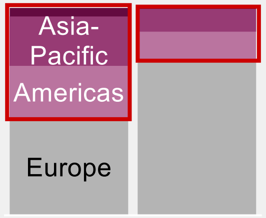
Top 10 brands concentration in each country (% incidence)

~60% IN FRANCE

~40% IN ITALY

Narrow global reach

Fine Wines market by destination (€B | 2024E)



Lower brand legitimacy

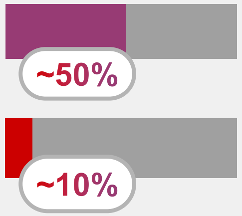
Google Search Index (2024E)

~4x

higher interest in French sparkling wines over Italian ones

Still building recognition within auctions

Penetration in Finest Wines auctions (%)



WITH FRENCH BRANDS HOLDING SHORT-TERM **COMPETITIVE EDGE**

9 **French brands within worldwide top 10**

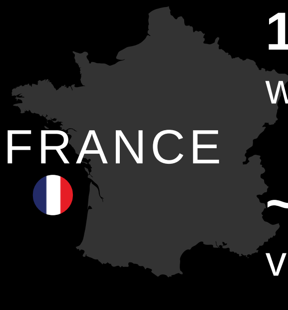
20–25% higher growth rates over the last 10 years vs. Italian

~95% share of top-10 brands retail value

Yet with a unique opportunity to leverage upon **variety**

20 recognized wine regions

~1,000 grape varieties



13 recognized wine regions

~250 grape varieties

What's next on the **(Italian) CEO agenda?**

FUEL UPSIZE TO DRIVE SCALE BENEFITS
CONSORTIUM LED OR CONSOLIDATION?

Join efforts in driving go-to-market strategies to win **untapped geographies** and unlock **new usage occasions**

Foster "Italian wine brand" worldwide, acting across **marketing levers** to **boost brand awareness**

IMPROVE **INTERNAL RESPONSIVENESS** AND EMBRACE **TERRITORIAL LEGACY**

Seek for higher managerialization, looking for **professionalization**, and rising the bar of **operational excellence**

Harness power of territorial variety, defending **authenticity** and **heritage,** and elevating it to competitive differentiator

while **balancing margin pressures** with **territorial preservation**
and nurturing distinctiveness of Italian wines

THANK YOU