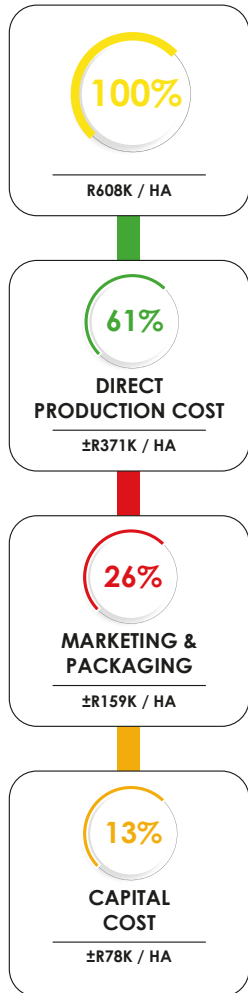
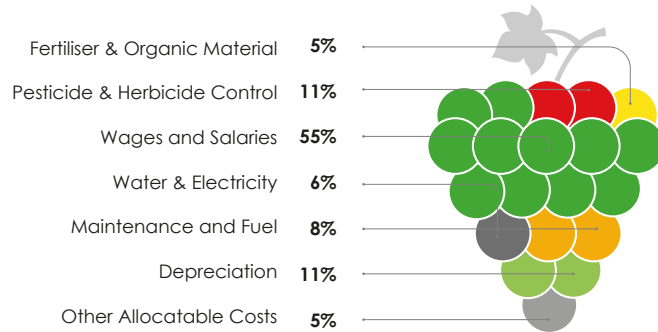


TOTAL PRODUCTION COST SPLIT 2022/2023 SEASON

A high-level cost overview of the South African Table Grape Industry



The South African Table Grape Industry's margins remain under pressure. The tightening of margins over the medium term was the direct result of production costs rising well above inflation whilst price inflation was at very low levels as the tightening of the world economy placed consumers under pressure.



DIRECT PRODUCTION COST

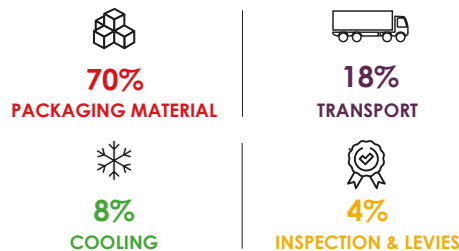
Synonymous with other table grape-producing countries, direct production cost pressures have been experienced across the value chain.

- The 2022/2023 export season saw significant year-on-year production cost increases in certain regions, especially with electricity (+33%), maintenance and fuel (+31%), and fertiliser (+29%).
- Wages and salaries are the single biggest cost at farm level, comprising more than half (55%) of direct production costs. Minimum wages were also increased by 9,6 % in March 2023.

MARKETING AND PACKAGING

Packaging material comprises the bulk (70%) of marketing and packaging costs, which contribute 26% of total production costs.

- Although shipping costs have decreased since the peak observed during the Covid-19 pandemic, the Global Container Shipping Index indicates that costs are currently 13% higher than pre-Covid levels. (<https://www.statista.com/statistics/1250636/global-container-freight-index/>)
- Cold chain monitoring remains a priority, with various technology-leveraging mechanisms in place to facilitate product longevity during the export journey.



CAPITAL COST

Capital cost consists of interest on working capital and earnings on capital. For a more detailed breakdown of input costs, access the [SATI 2023 statistics booklet](#) here.

FOCUS ON COST MANAGEMENT AND QUALITY

As global market competitiveness increases, the South African Table Grape Industry remains committed to maintaining its position as a preferred provider in various markets. Parallel to this, the industry is working at increasing market share in developing markets. To maintain their competitive edge, growers remain focused on quality and strive for efficient production that can be met with favourable pricing and market conditions.