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Wildlife Industry Trends and Analysis

➤ African Wildlife Auctions and it's business units analysis of the trends and statistical data for the wildlife industry

➤ Presentation 2019
Analysis



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Wildlife Industry Trends and Analysis

- The Wildlife Industry has seen some unprecedented changes in the past four years.
- From the boom days in the industry in 2015 and 2016 to a complete change and reset in the market in 2017 with the downward trends continuing in 2018 and 2019.
- Although we believe that the changes in the wildlife industry the past few years are mainly due to normal market principles of supply and demand, the industry were further impacted in general by the uncertainty in regards to property ownership in South Africa and continued drought in certain areas.
- Electronic media and availability of information also change the industry drastically(online auction, Facebook)



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Wildlife Industry Trends and Analysis

- Due to the proliferation of auction houses, it has become more and more difficult to obtain data from certain auction houses and specific auctions. The data we compiled and present in this document we however believe is a fair indication of the market trends in the South Africa wildlife industry.
- Although certain outside factors contributed to the drastic reduction in prices of, for example colour variances, we believe the main reason for the price reset was the huge increase in supply of these species without a equal increase in demand.
- The industry needs to ensure that it creates a demand for these species or we will continue to see a decline in certain specie prices. This will stabilize once the supply and demand ratio has restored.



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Wildlife Industry Trends and Analysis

- Current market indicators and trends, during 2019 of all game auctions, indicate that the market has continued to contract and decline.
- 2019 vs 2018 vs 2017 , the total revenue of game sale auctions in 2018 contracted 37% and a further 21% in 2019.
- The revenue reduced from R979 million in 2017 to R598 million for 2018 and reduced further to R472 million in 2019 compared to the high of R1.9 billion in 2015.
- Quantities of colour variance on auction in 2018 shown a significant increase of animals but the trend reversed during the 2019 with these species quantities reduced substantially by an average of 30% per specie.



Wildlife Industry Trends and Analysis

➤ TOTAL AUCTION INDUSTRY

➤ Total revenue generated from game sales:

- ❖ 2017 revenue declined by 47%.
- ❖ 2018 revenue declined by 39%.
- ❖ 2019 revenue declined by 21%.

➤ Total number of animals sold on auction:

- ❖ 2017 quantities increased by 3%.
- ❖ 2018 quantities declined by 20%.
- ❖ 2019 quantities increased by 5%.



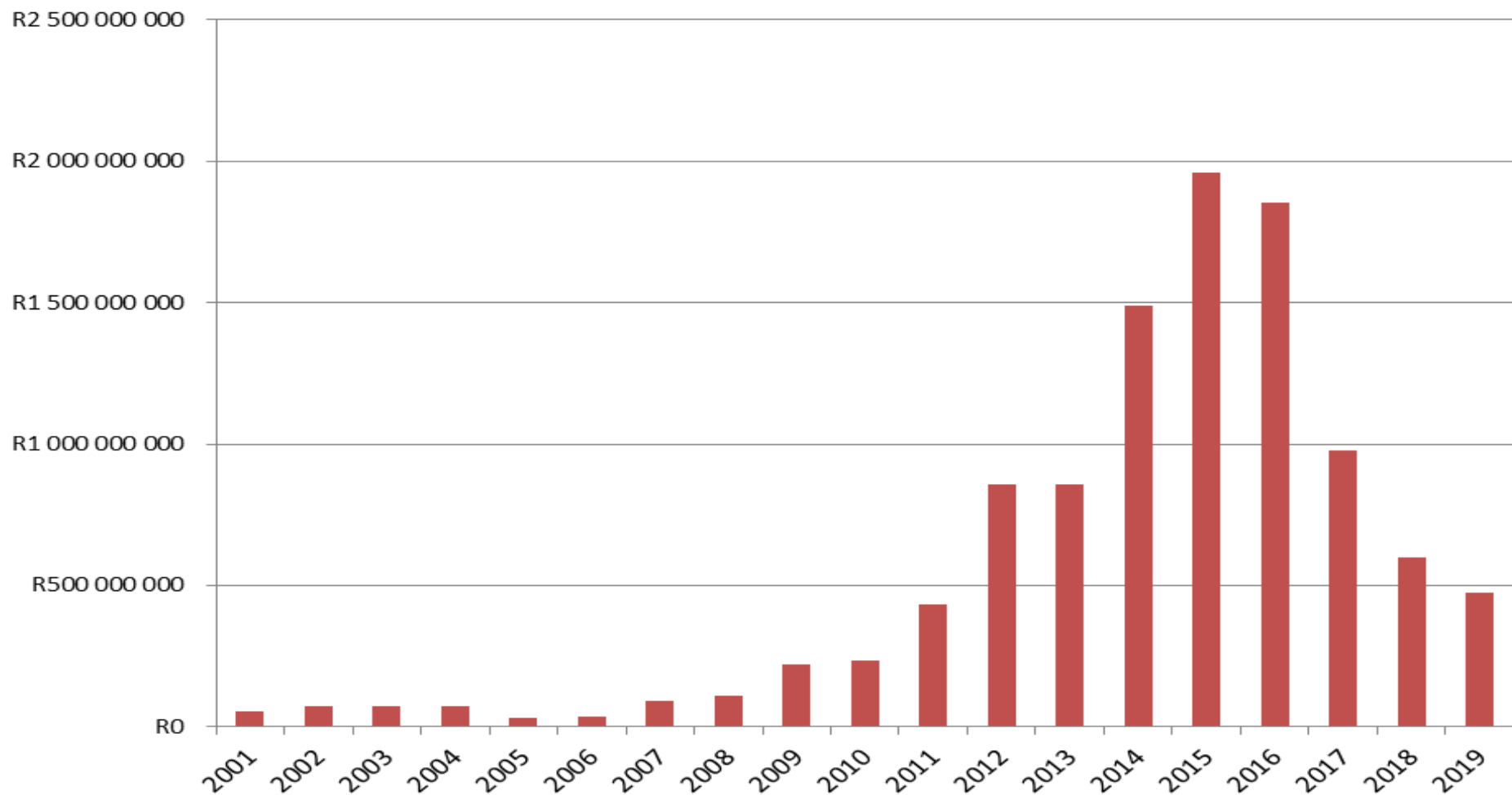
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1. Summary of revenue Wildlife Industry

<u>Year</u>	<u>Value</u>	<u>Quantity</u>	<u>Average</u>
2000	R0	0	R0
2001	R52 857 575	8 972	R5 891
2002	R74 144 021	12 220	R6 067
2003	R74 090 642	12 179	R6 083
2004	R71 894 834	15 014	R4 789
2005	R32 505 415	7 833	R4 150
2006	R36 881 835	8 662	R4 258
2007	R89 544 195	9 485	R9 441
2008	R111 478 250	9 139	R12 198
2009	R220 937 162	9 598	R23 019
2010	R232 657 655	8 300	R28 031
2011	R433 337 065	10 077	R43 003
2012	R856 712 460	11 556	R74 136
2013	R857 391 169	17 407	R49 256
2014	R1 489 783 755	25 277	R58 938
2015	R1 961 279 908	38 226	R51 307
2016	R1 854 892 218	36 533	R50 773
2017	R978 997 842	37 710	R25 961
2018	R598 580 160	30 114	R19 877
2019	R472 433 825	31 518	R14 989

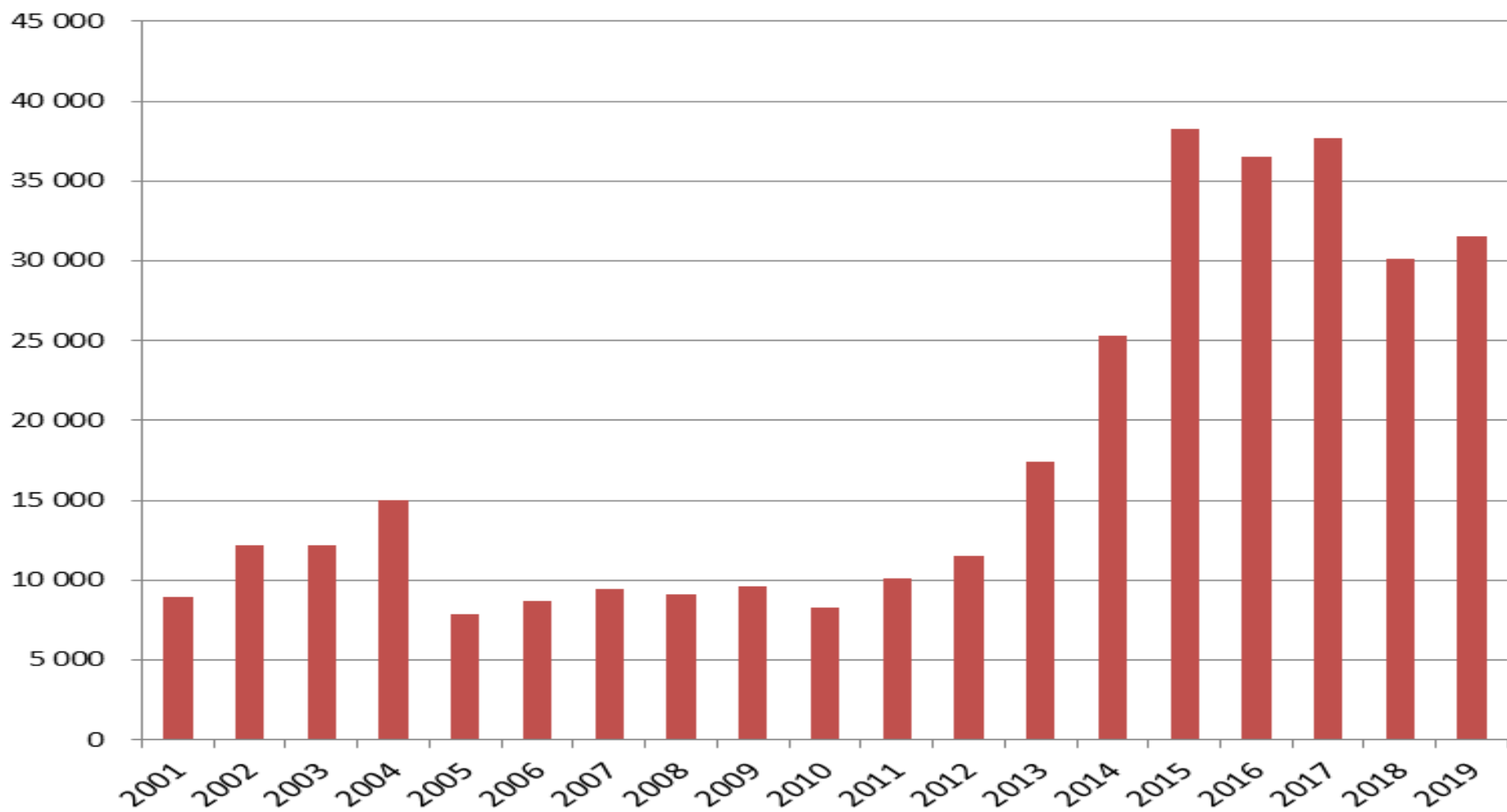


Total Revenue for the year



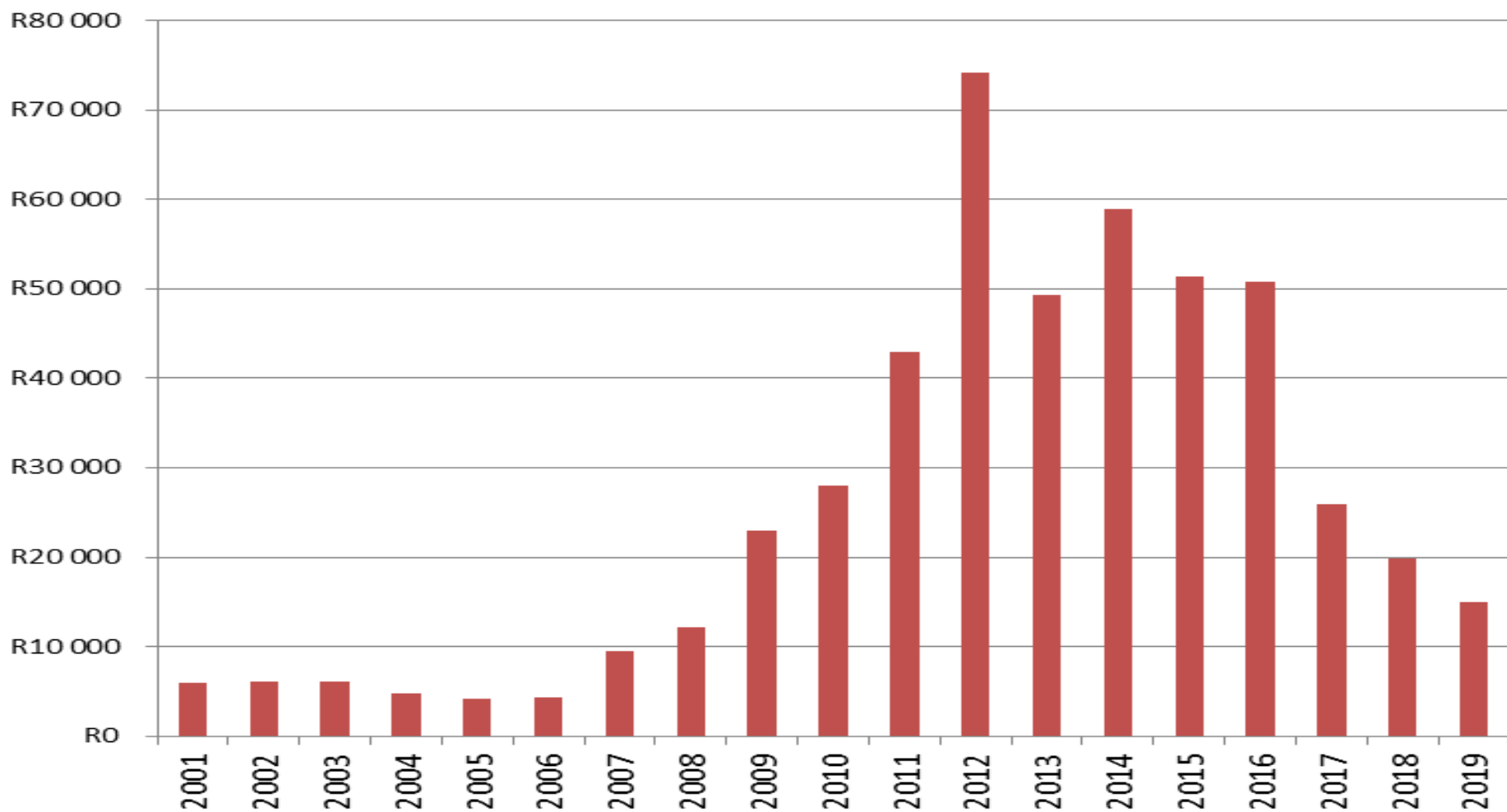


Total Quantity of animals sold per year





Total Average pricing per animal





Wildlife Industry Trends and Analysis

➤ TOTAL RARE GAME ON AUCTION

- Total revenue generated from rare game sales:
 - ❖ 2017 revenue declined by 50%.
 - ❖ 2018 revenue declined by 40%.
 - ❖ 2019 revenue declined by 25%.
- Total number of rare game animals sold on auction:
 - ❖ 2017 quantities increased by 25%.
 - ❖ 2018 quantities declined by 18%.
 - ❖ 2019 quantities declined by 14%.



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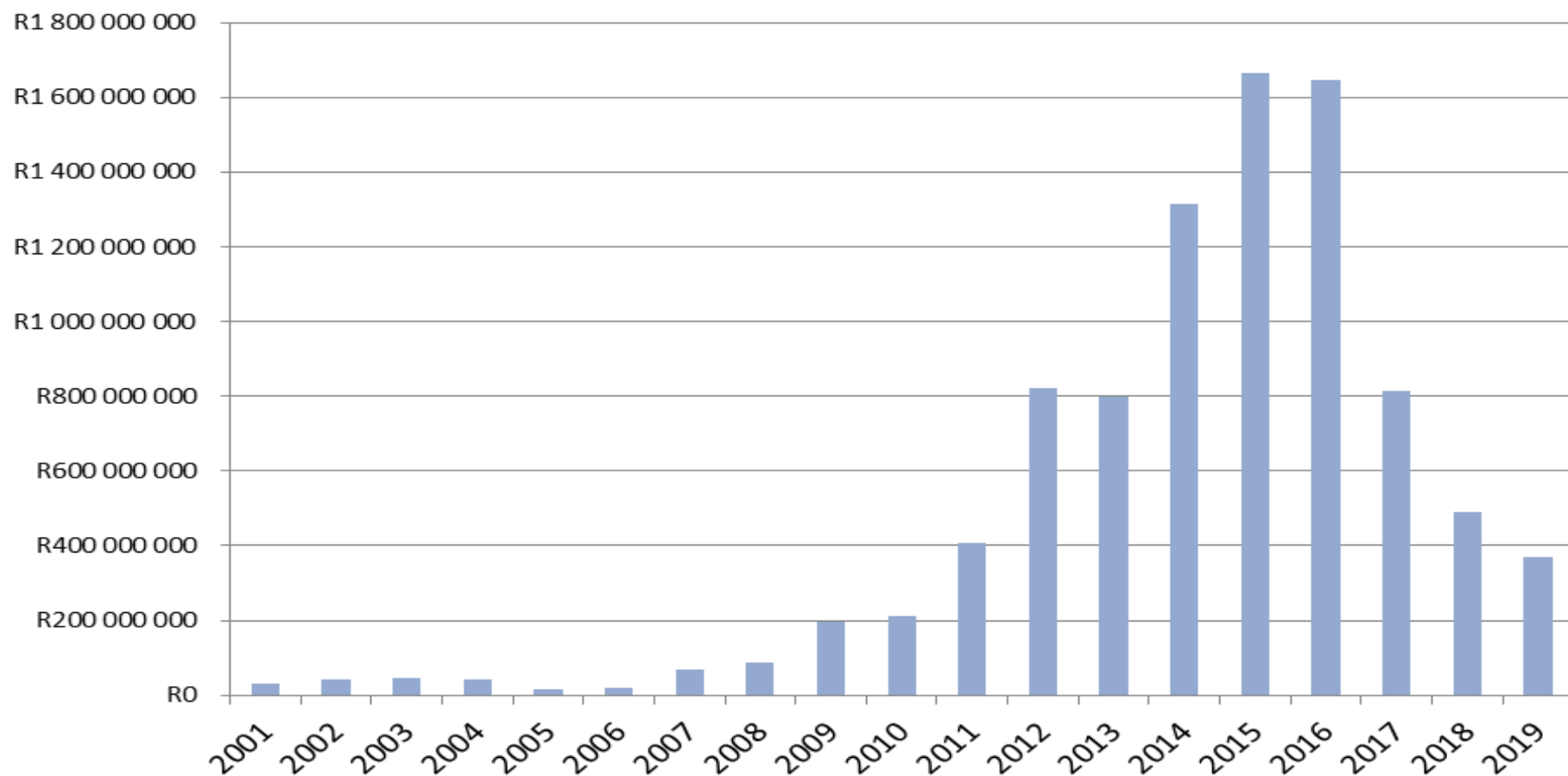


3. Summary of revenue Wildlife Industry - Rare Game

<u>Year</u>	<u>Value</u>	<u>Quantity</u>	<u>Average</u>
2000	R0	0	R0
2001	R30 625 523	291	R105 242
2002	R43 084 810	424	R101 615
2003	R45 330 227	433	R104 689
2004	R40 624 000	537	R75 650
2005	R15 861 000	244	R65 004
2006	R18 283 500	336	R54 415
2007	R67 816 550	776	R87 392
2008	R87 327 500	768	R113 708
2009	R195 624 252	1 165	R167 918
2010	R211 613 600	1 062	R199 260
2011	R407 828 950	1 769	R230 542
2012	R822 529 500	2 064	R398 512
2013	R799 892 200	2 306	R346 874
2014	R1 314 023 250	3 254	R403 818
2015	R1 667 331 472	5 161	R323 064
2016	R1 646 247 658	8 077	R203 819
2017	R815 403 881	10 131	R80 486
2018	R491 263 425	8 326	R59 004
2019	R369 171 025	7 130	R51 777

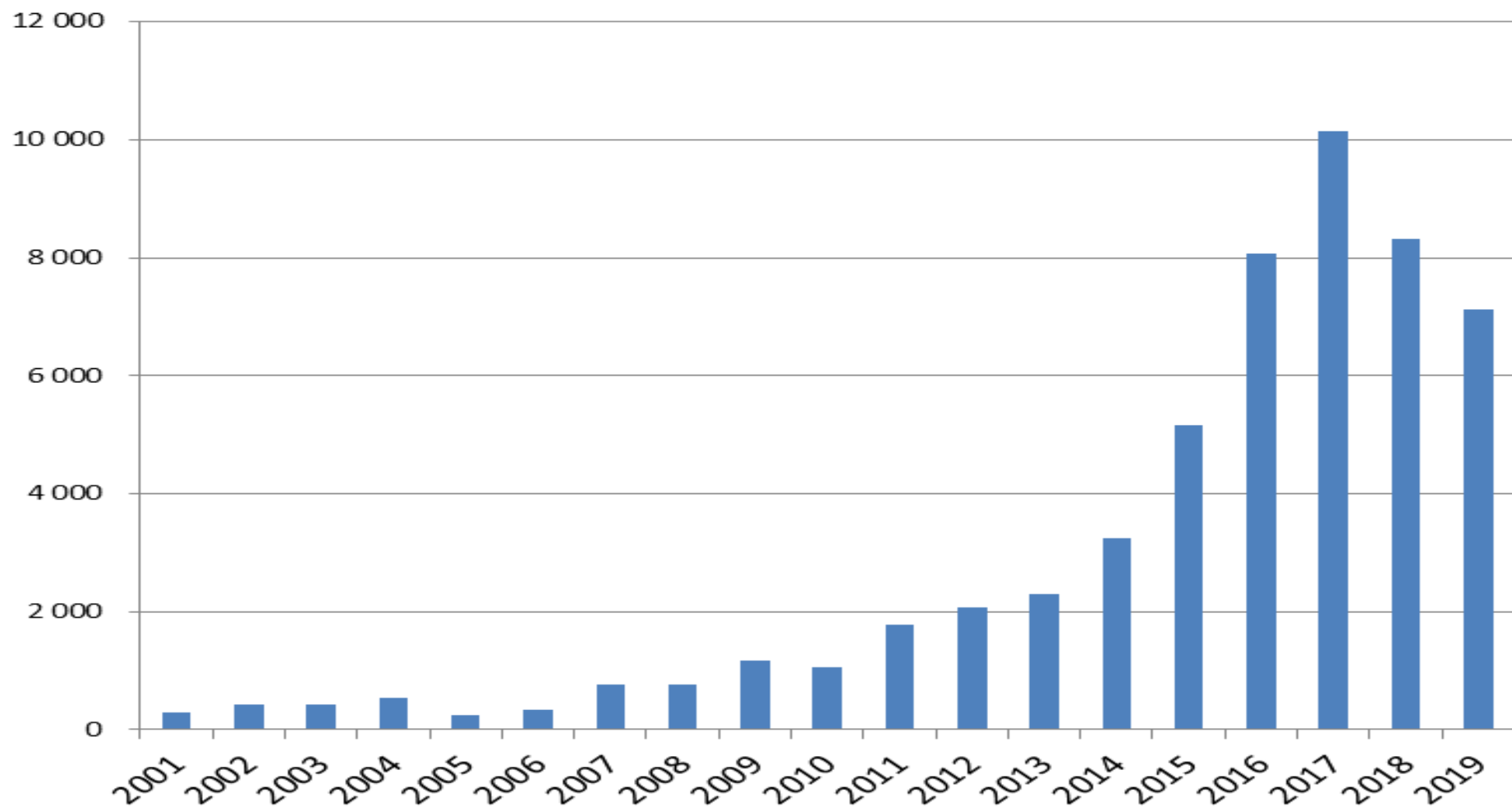


Rare Game Auction Revenue per year



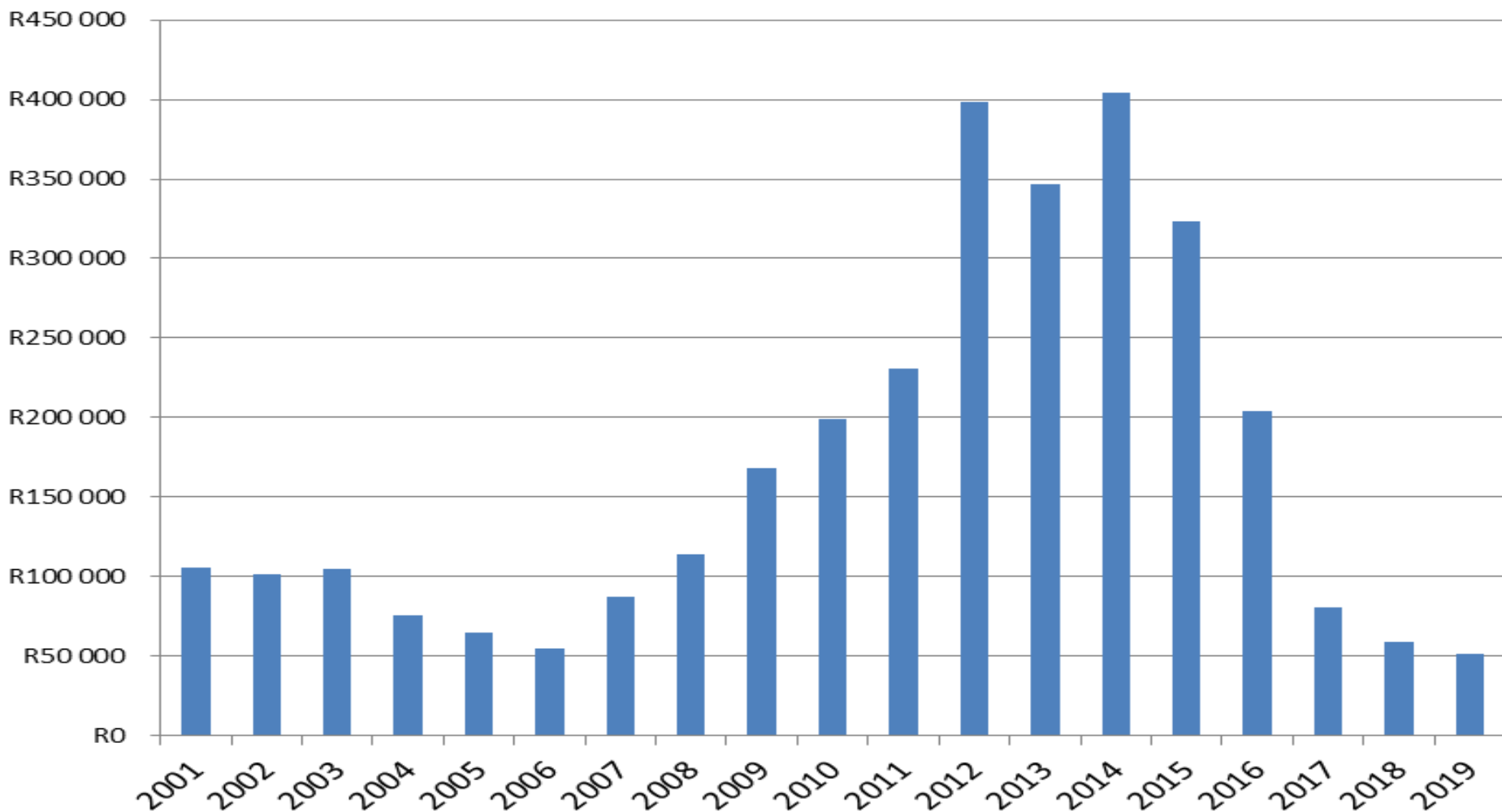


Rare Game quantity of animals sold auctions





Rare Game Average pricing per animal on auctions per year





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Pricing Trends of game on auction - Rare Game

- Detail analyses of the rare game prices over the past four years indicated that the trends in the colour variance market are different from the rest of the rare game market.
- Statistical data were analysed in detail per specie, per category for colour variance and rare game species.
- Interesting trends emerge out of this analysis.
- We believe these trends and analysis can assist the game farmers with their planning and marketing of their game in 2020 and into the future.



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Pricing Trends of game on auction - Rare Game

- Buffalo sales made up 40% of all game sales in 2017, 45% in 2018 and 52% in 2019. Prices of buffalo sales on auction decreased on average by 46% in 2017, by 18% in 2018 and another 21% on 2019. Quantities sold on auction increased by 16% in 2017, decrease by 10% in 2018 and quantities increased by 16% in 2019.
- Sable sales made up 24% of all game sales in 2017, 23% in 2018 and only 13% in 2019. Prices of sable sales on auction decreased on average by 50% in 2017, 40% in 2018 and continue to decline by another 53% in 2019. Sables Heifers are now selling for between R7 500 and R15 000 and males at between R500 to R650 per inch.
- Roan sales made up 5% of all game sales in 2017, 3% in 2018 and increased to 7% in 2019. Prices of Roan sales on auction decreased on average by 56% in 2017, declined 65% in 2018 and declined by 12% in 2019.



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Wildlife Industry Trends and Analysis

- Black Impala sales made up 1% of all game sales in 2017, 2018 and 2019. Prices of black impala sales on auction decreased on average by 77% in 2018 and 29% in 2019. Quantities sold on auction increased by 24% in 2017, increased 36% in 2018 and a decreased of 32% in quantities in 2019. Prices now vary between R2 500 to R4 000 per animal.
- Golden Gnu sales made up 1.7% of all game sales in 2017, 2.4% of 2018 sales and only 1% on game sales in 2019. Prices of Golden Gnu sales on auction decreased on average by 85% and quantities sold on auction increased by 7% in 2017. Quantities on auction increased drastically in 2018 by 99%, nearly double the previous year. Price decreased another 45% in 2019 and quantities decrease by 45%. Prices vary between R3k to R10k per animal.



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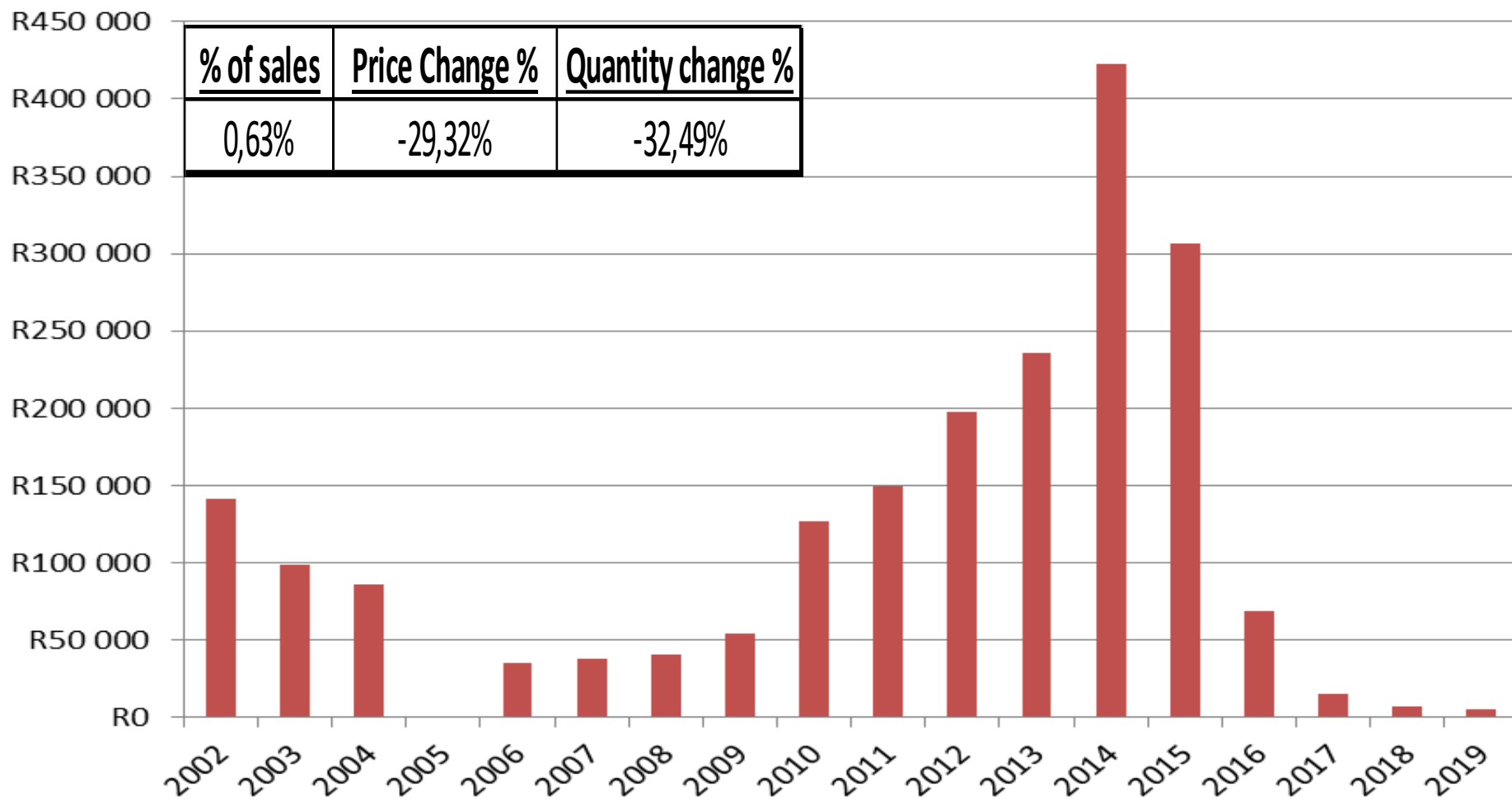


Colour Variance Market Analysis (Golden Wildebeest, Black Impala etc.)

- Pricing of most colour variance species in 2019 are now at an average of between 1% to 2 % of the value received for the same species in 2015/2016.
- These trends are specific to those colour variances that have a growing market for the hunting industry.
- Certain other colour variance species like Saddleback Impala and Kings Wildebeest have a very limited demand in the hunting industry and therefore we have seen much higher reduction in prices for these species.
- Currently these species are only achieving 1% of their market prices achieved in 2015/2016.
- This analyses is measured by taking a specific animal's credentials in 2015/2016 and compare those pricing to current prices in the market to similar credentials in 2019.

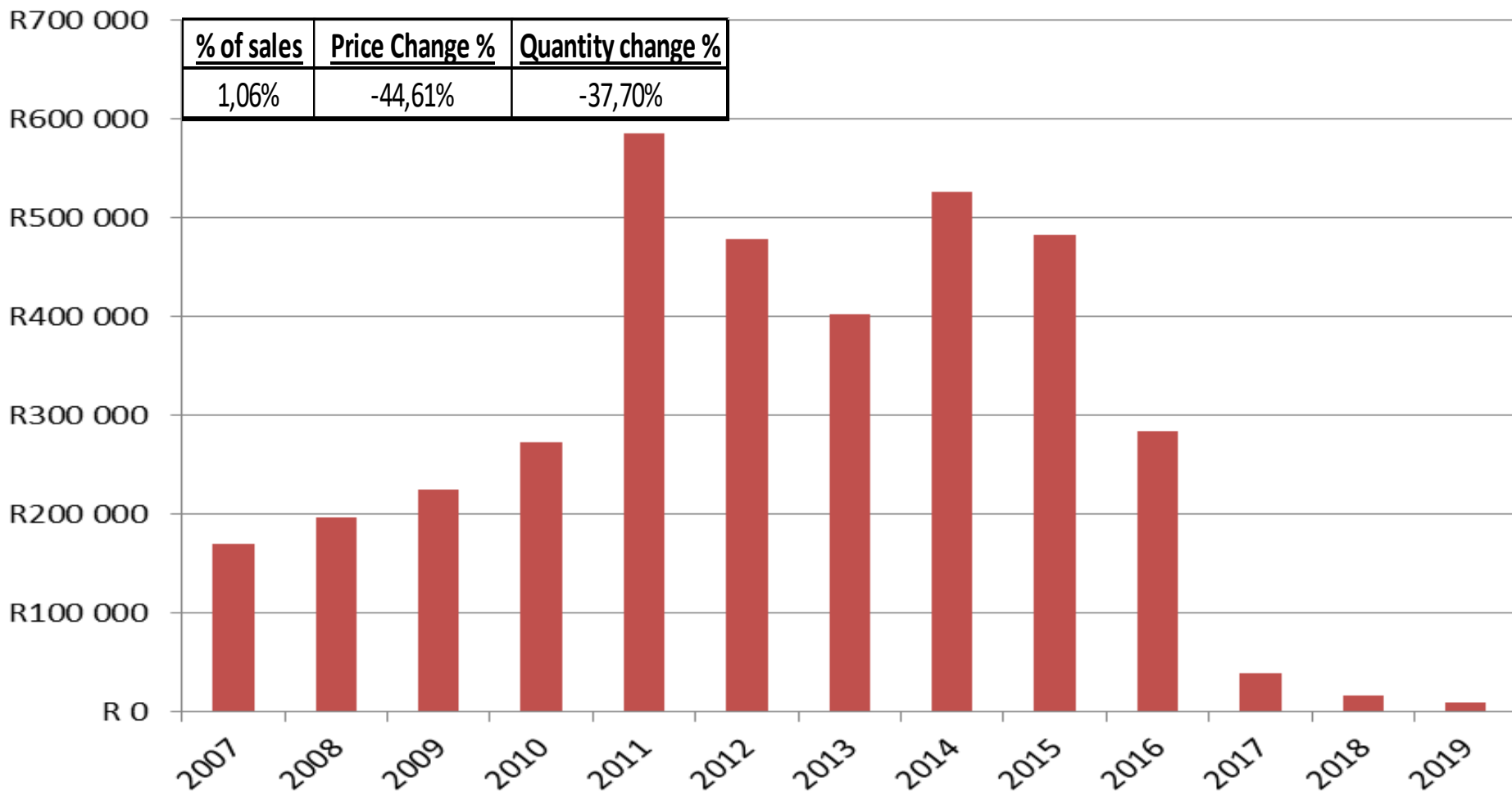


Black Impala Average price per animal



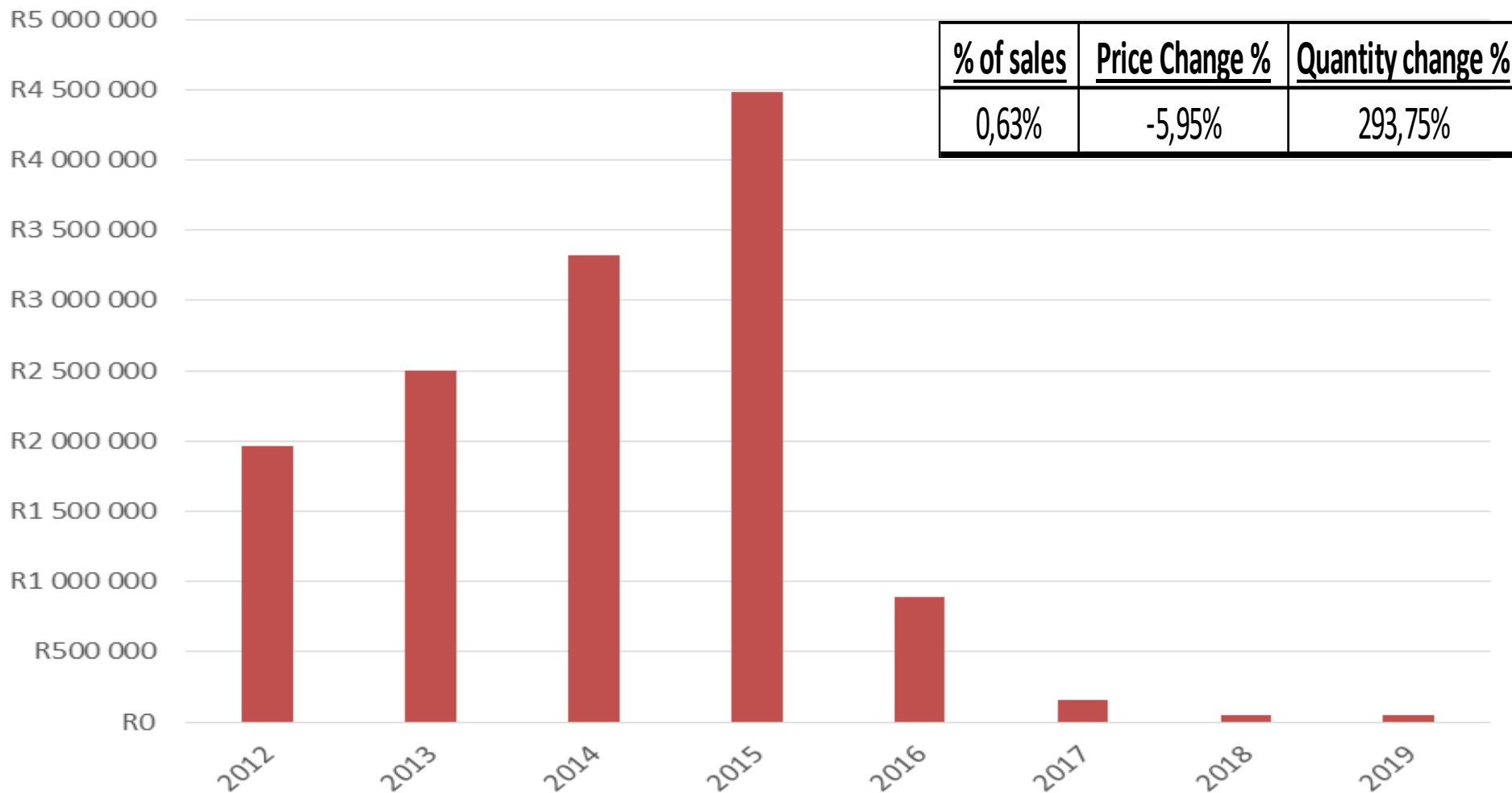


Golden Gnu Average price per animal





Kings Wildebeest Average price per animal

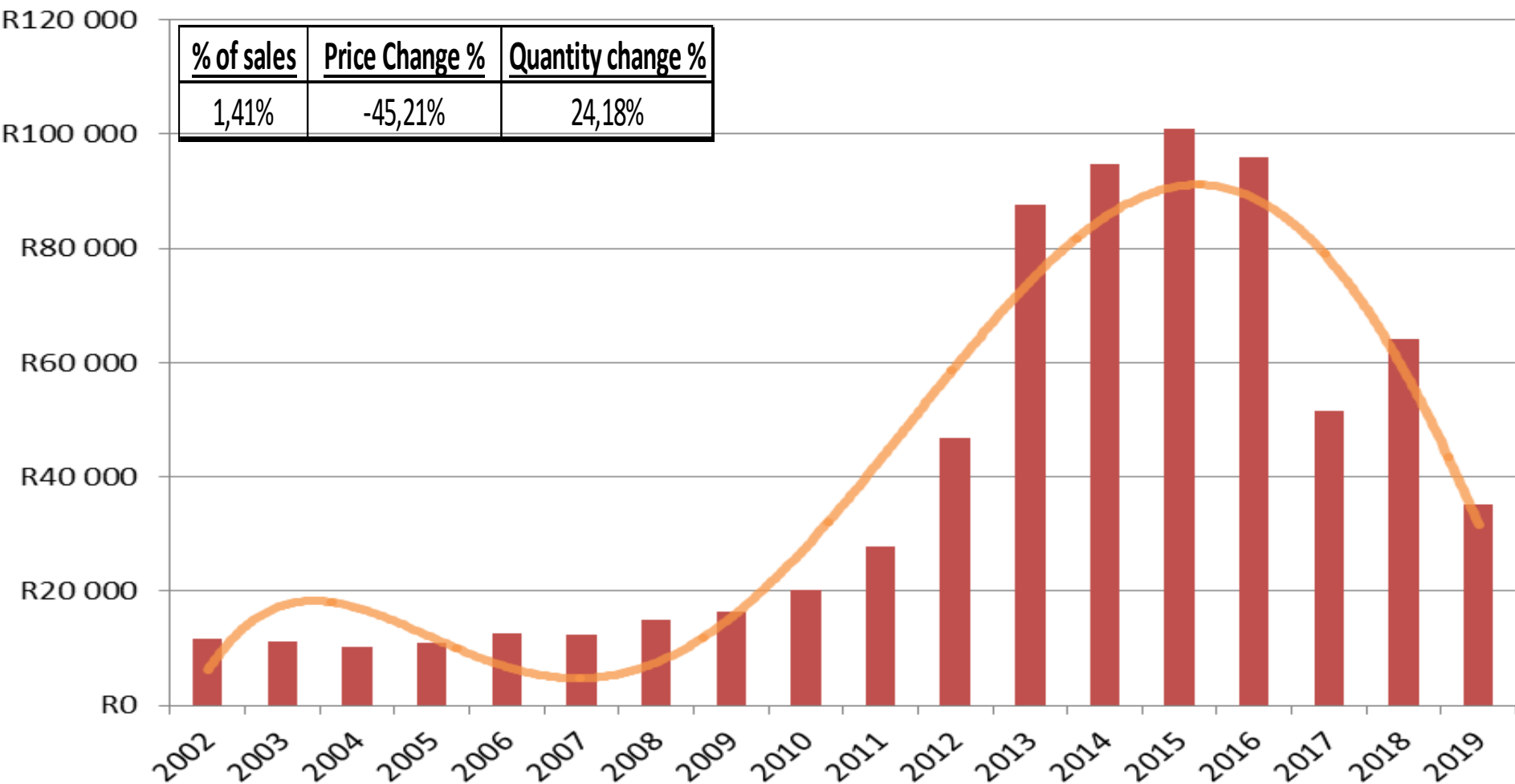


<u>% of sales</u>	<u>Price Change %</u>	<u>Quantity change %</u>
0,63%	-5,95%	293,75%



Livingston Eland Average price per animal

% of sales	Price Change %	Quantity change %
1,41%	-45,21%	24,18%





Gemsbuck Golden Average price per animal





Saddleback Impala Average price per animal

R350 000

R300 000

R250 000

R200 000

R150 000

R100 000

R50 000

R0

<u>% of sales</u>	<u>Price Change %</u>	<u>Quantity change %</u>
0,15%	-15,30%	-35,90%

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019



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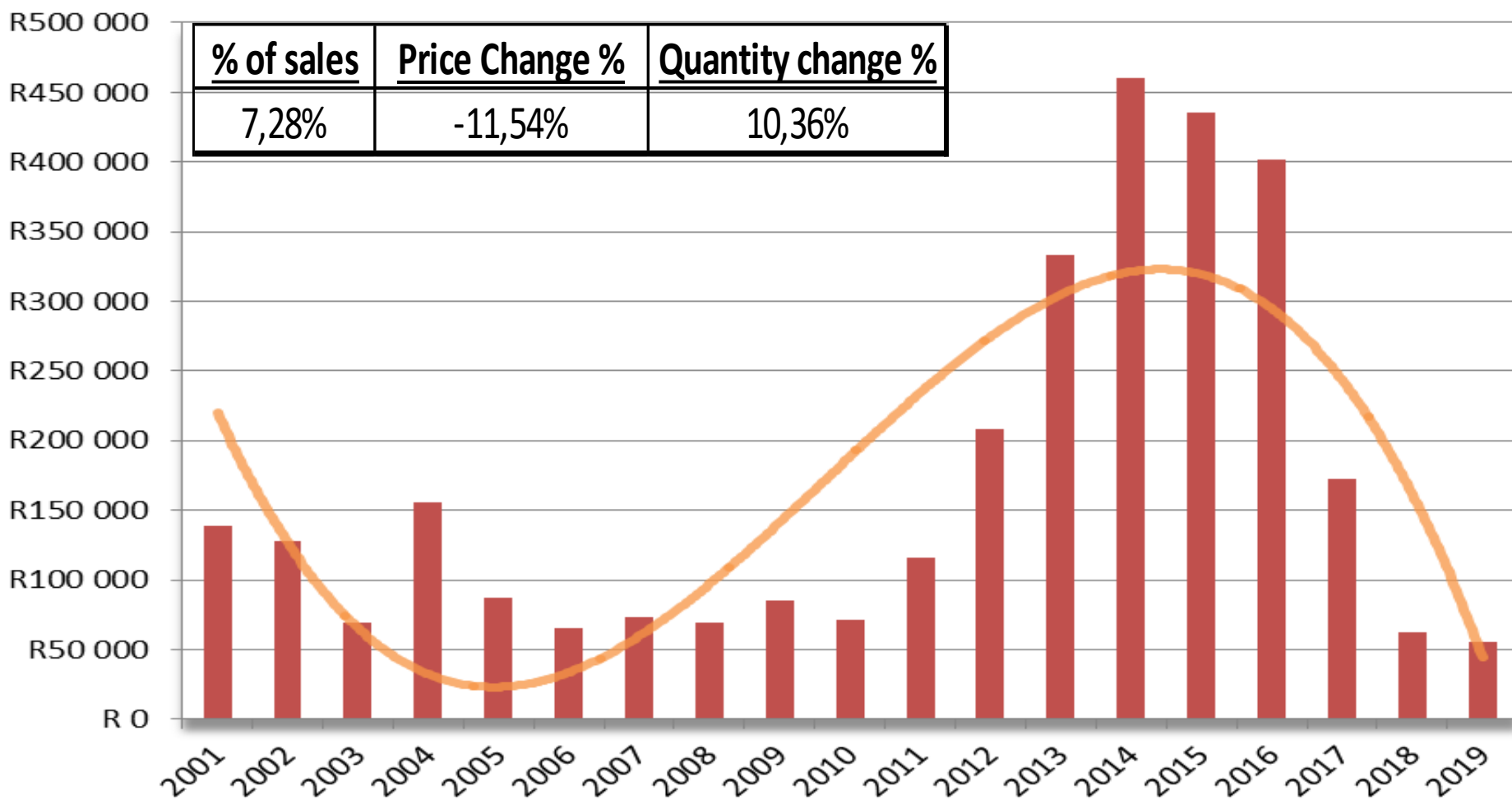


Non Colour Variance Analysis (Buffalo, Sable, Roan etc.)

- Analysis performed with data available indicated that the sable, roan and buffalo species prices have also materially been affected the past three years, although not to the extent we have seen in the colour variant market reductions.
- These species on average are now selling at 10% to 15% of value achieved during the peak of 2015/2016. The price of Sable and Roan species seem to have stabilised during 2019.
- Prices in the buffalo sales vary substantially from week to week in 2019 which is a clear indication that the stability in the buffalo market has not yet settled in 2019 and will continue to be volatile in 2020.
- These analyses are measured by taking a specific animal's credentials in 2015/2016 and compare those pricing to current prices in the market to similar or same credentials as were achieved in 2019.
- The top end of the market in these species showed a similar trend currently to the lower end of the market for these specific species.

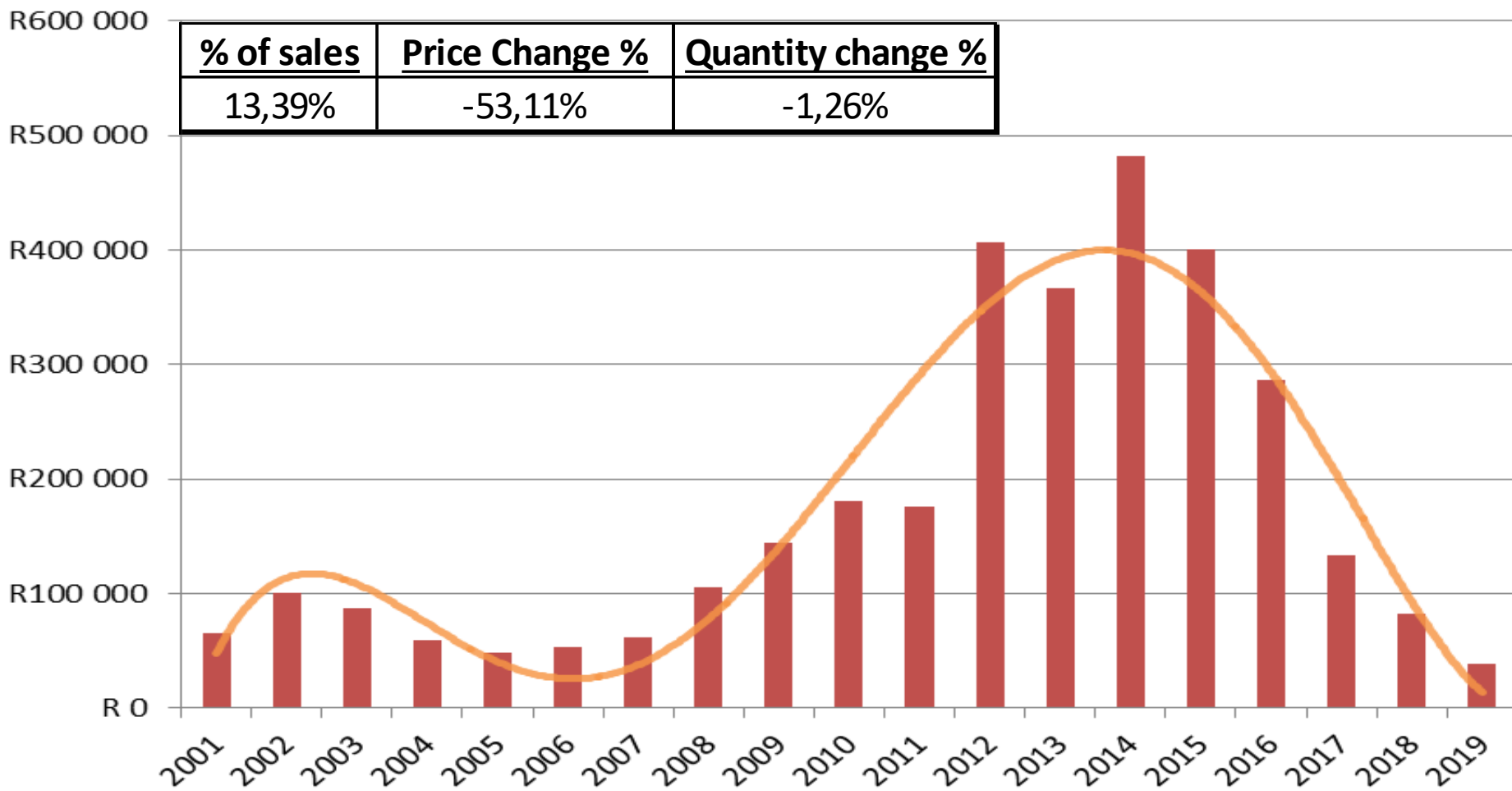


Roan Average price per animal





Sables Average price per animal





Buffalo Average price per animal

R1 000 000

<u>% of sales</u>	<u>Price Change %</u>	<u>Quantity change %</u>
52,23%	-21,40%	16,39%

R900 000

R800 000

R700 000

R600 000

R500 000

R400 000

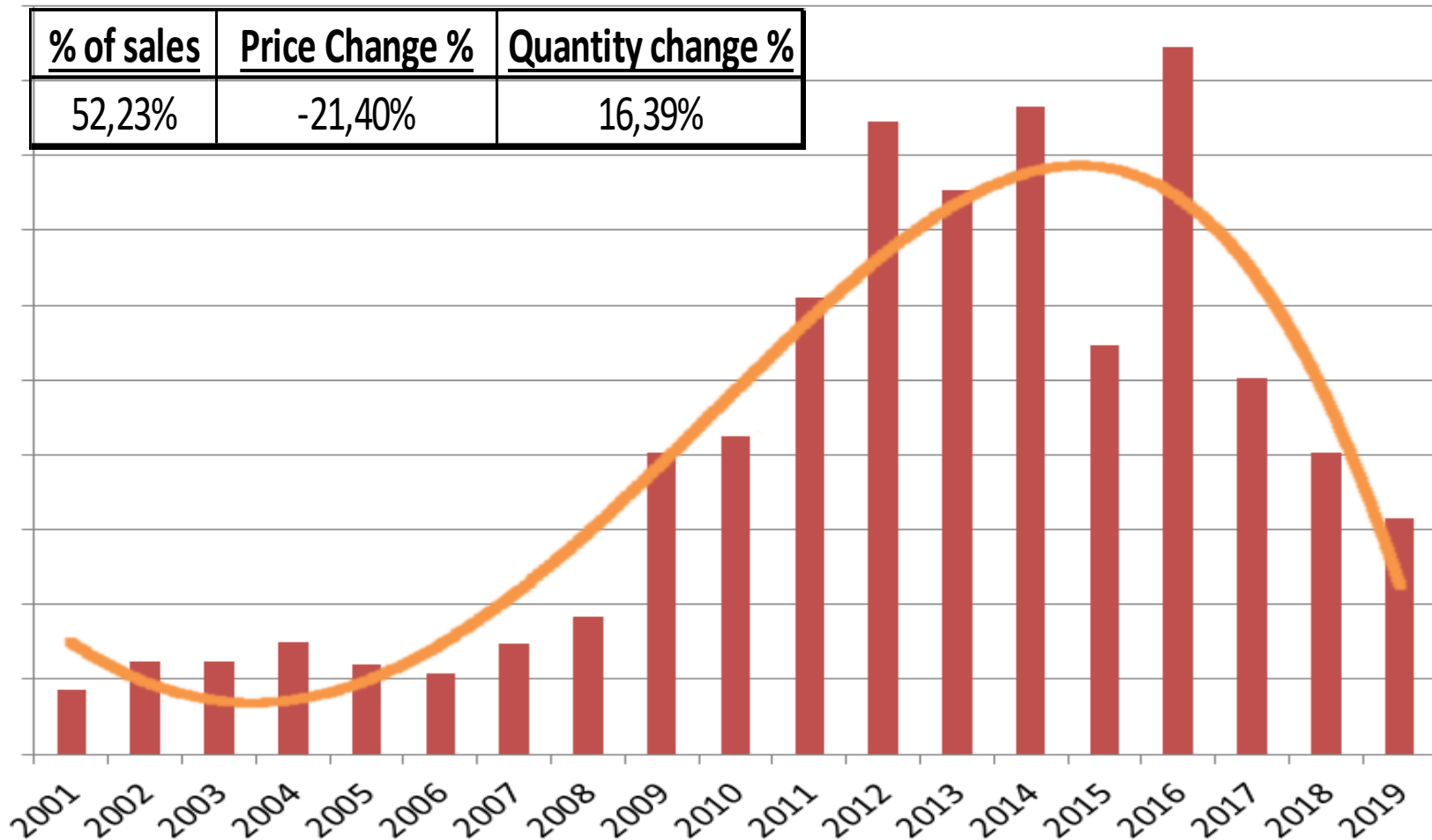
R300 000

R200 000

R100 000

R0

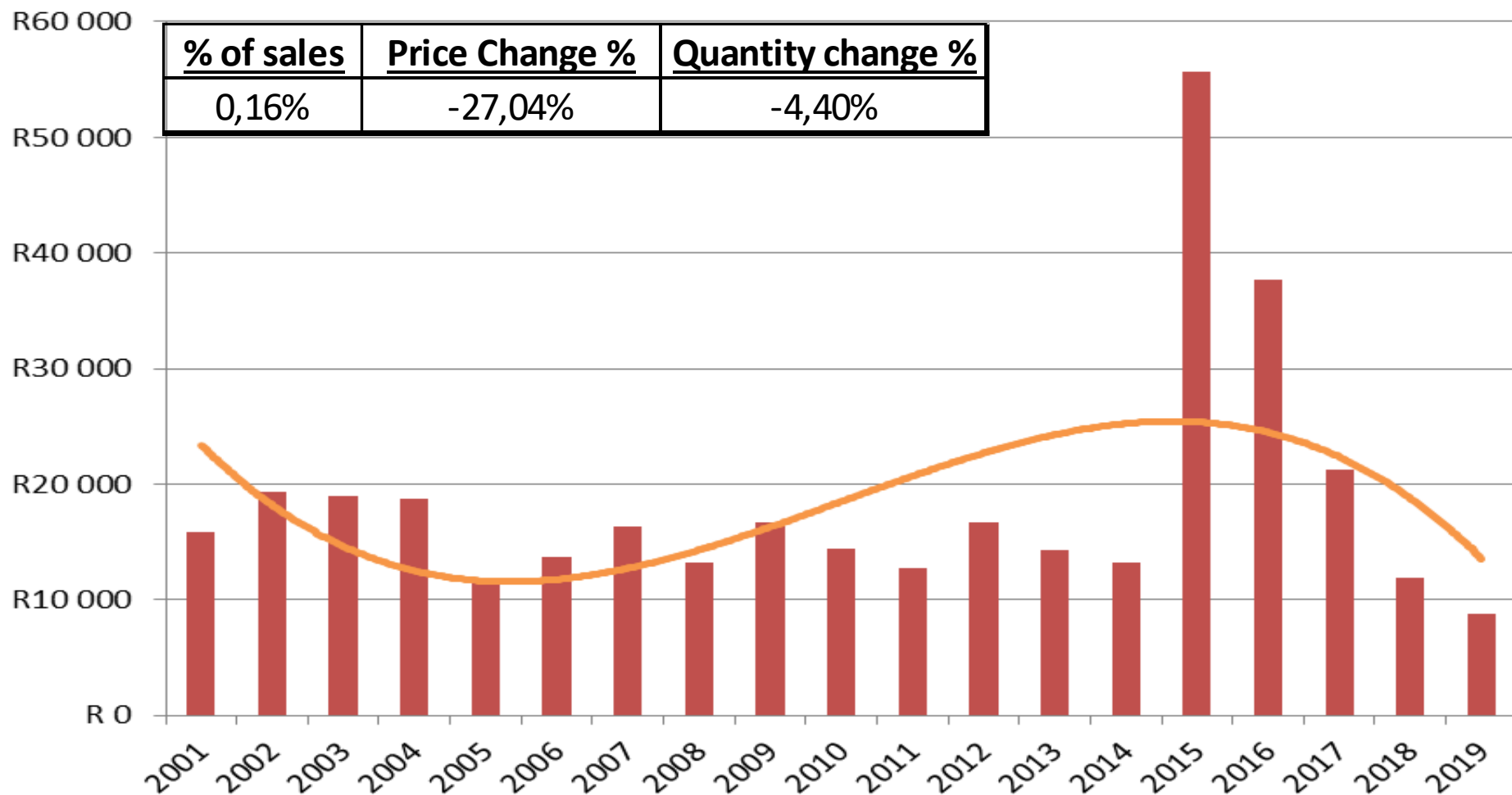
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019





Tsessebe Average price per animal

<u>% of sales</u>	<u>Price Change %</u>	<u>Quantity change %</u>
0,16%	-27,04%	-4,40%

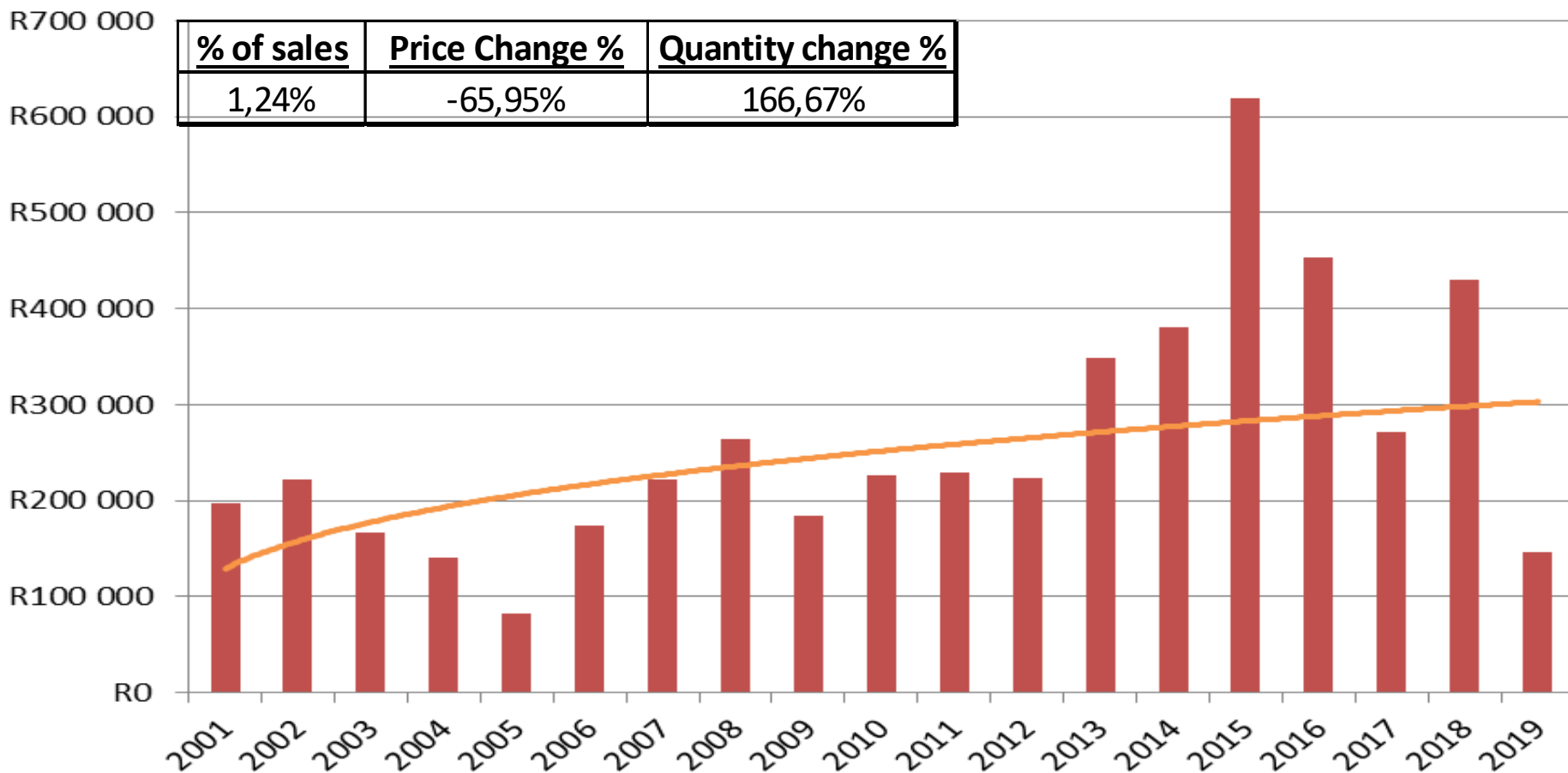




Rhino

Average price per animal

<u>% of sales</u>	<u>Price Change %</u>	<u>Quantity change %</u>
1,24%	-65,95%	166,67%





Wildlife Industry Trends and Analysis

➤ TOTAL PLAINS GAME ON AUCTION

- Total revenue generated from plains game sales:
 - ❖ 2017 revenue declined by 22%.
 - ❖ 2018 revenue declined by 34%.
 - ❖ 2019 revenue declined by 4%.
- Total number of plains game animals sold on auction:
 - ❖ 2017 quantities declined by 3%.
 - ❖ 2018 quantities declined by 21%.
 - ❖ 2019 quantities increased by 11%.



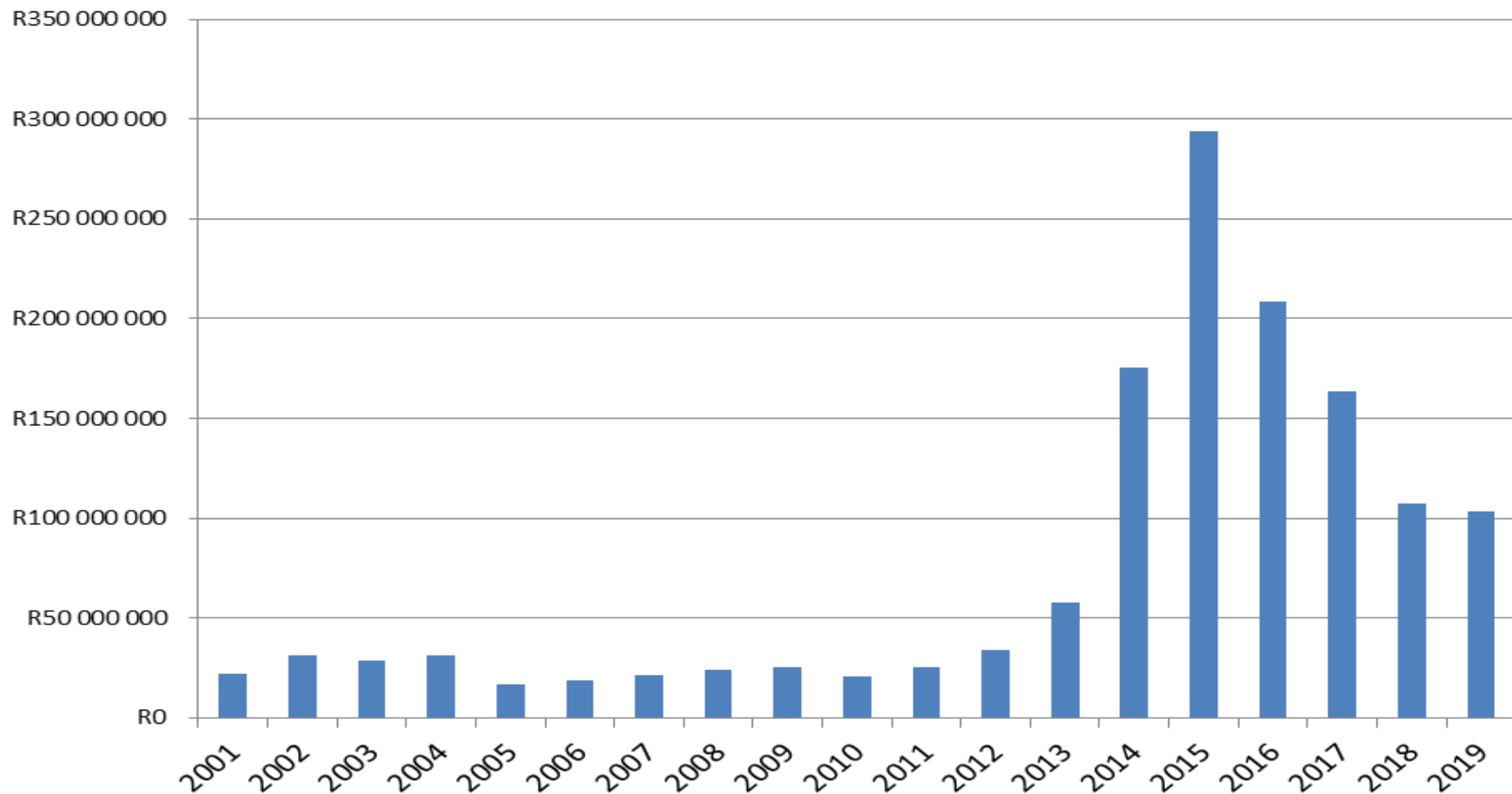
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2. Summary of revenue Wildlife Industry - Plains Game

<u>Year</u>	<u>Value</u>	<u>Quantity</u>	<u>Average</u>
2000	R0	0	R0
2001	R22 232 052	8 681	R2 561
2002	R31 059 211	11 796	R2 633
2003	R28 760 415	11 746	R2 449
2004	R31 270 834	14 477	R2 160
2005	R16 644 415	7 589	R2 193
2006	R18 598 335	8 326	R2 234
2007	R21 727 645	8 709	R2 495
2008	R24 150 750	8 371	R2 885
2009	R25 312 910	8 433	R3 002
2010	R21 044 055	7 238	R2 907
2011	R25 508 115	8 308	R3 070
2012	R34 182 960	9 492	R3 601
2013	R57 498 969	15 101	R3 808
2014	R175 760 505	22 023	R7 981
2015	R293 948 436	33 065	R8 890
2016	R208 644 560	28 456	R7 332
2017	R163 593 960	27 579	R5 932
2018	R107 316 735	21 788	R4 925
2019	R103 262 800	24 388	R4 234

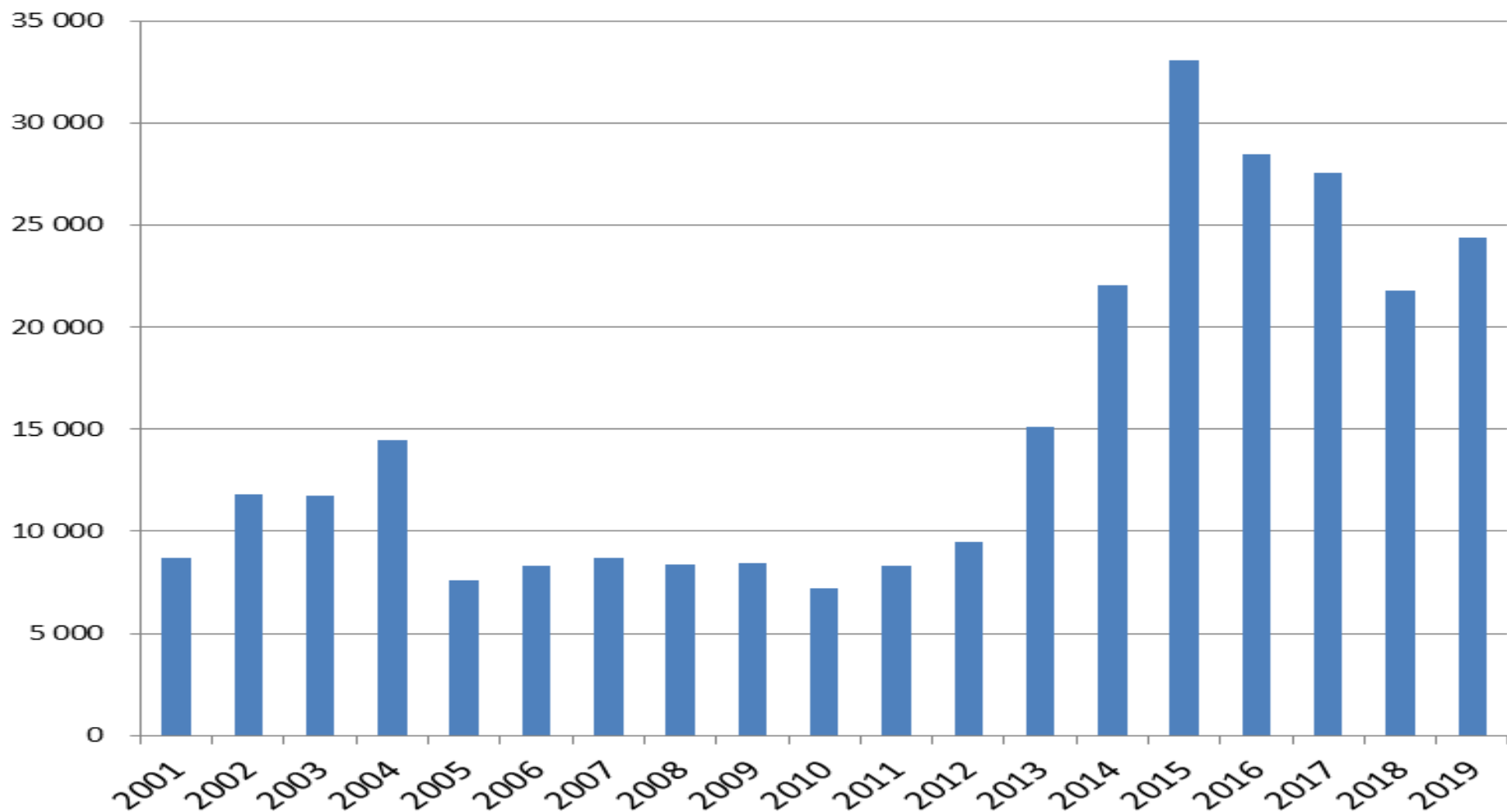


Plains Game Auction Revenue per year



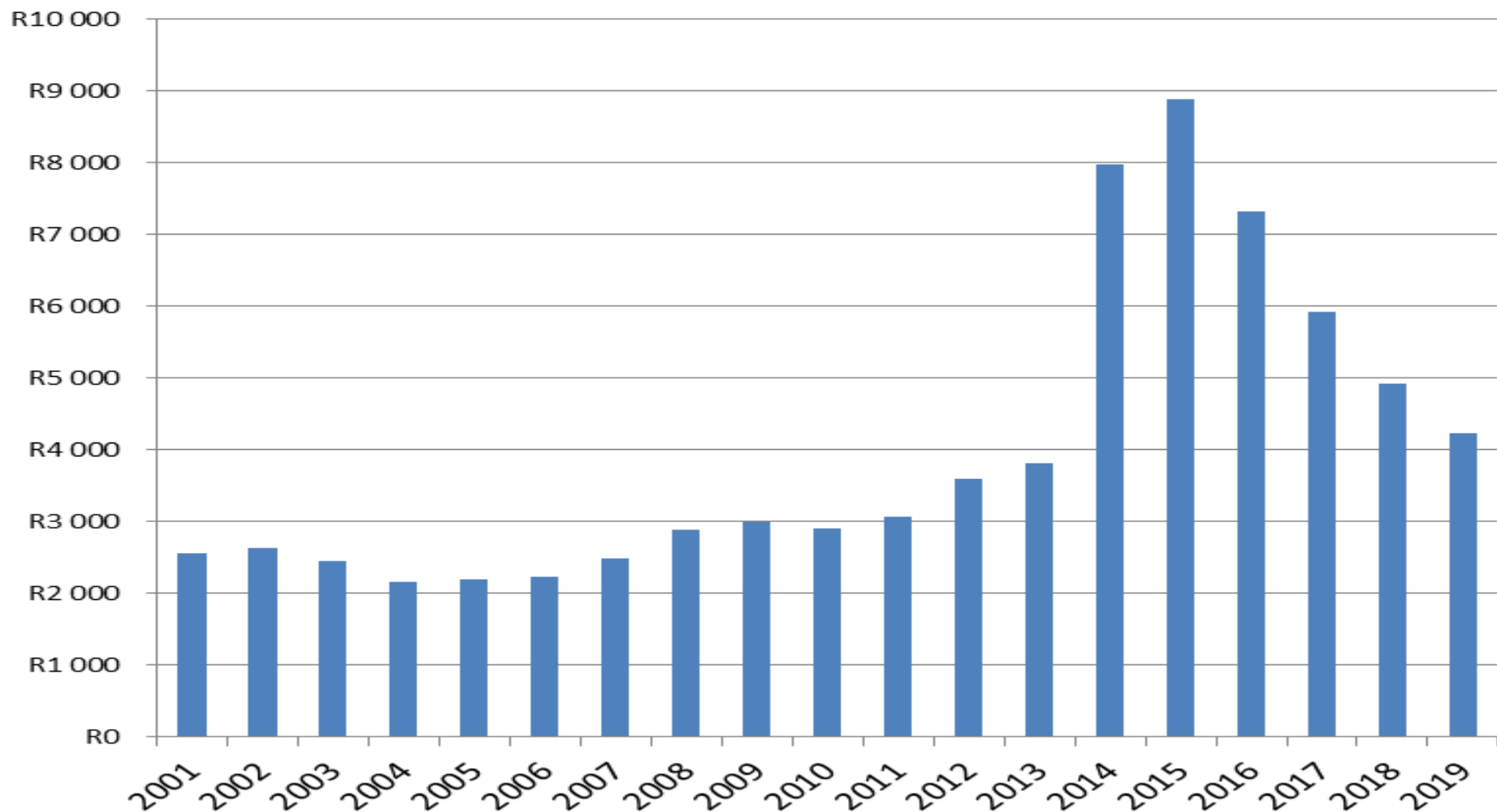


Plains Game quantities per year sold on auction





Average pricing per animal auctions per year for Plains Game





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Pricing trends of game on auction – Plains Game

- Detailed analysis of the plains game prices over the past four years have indicated that the plains game prices were reasonably stable compared to the rare game market.
- The plains game market on average shows a small decrease in game prices for certain species.
- Quantities sold on auction increased substantially during the 2015 and 2016 peak but returned to normal quantities in 2017 and decreased by 21% in the 2018 season with an 11% increase in quantities in 2019.
- Statistical data were analysed in details per specie per category for all plains game species.



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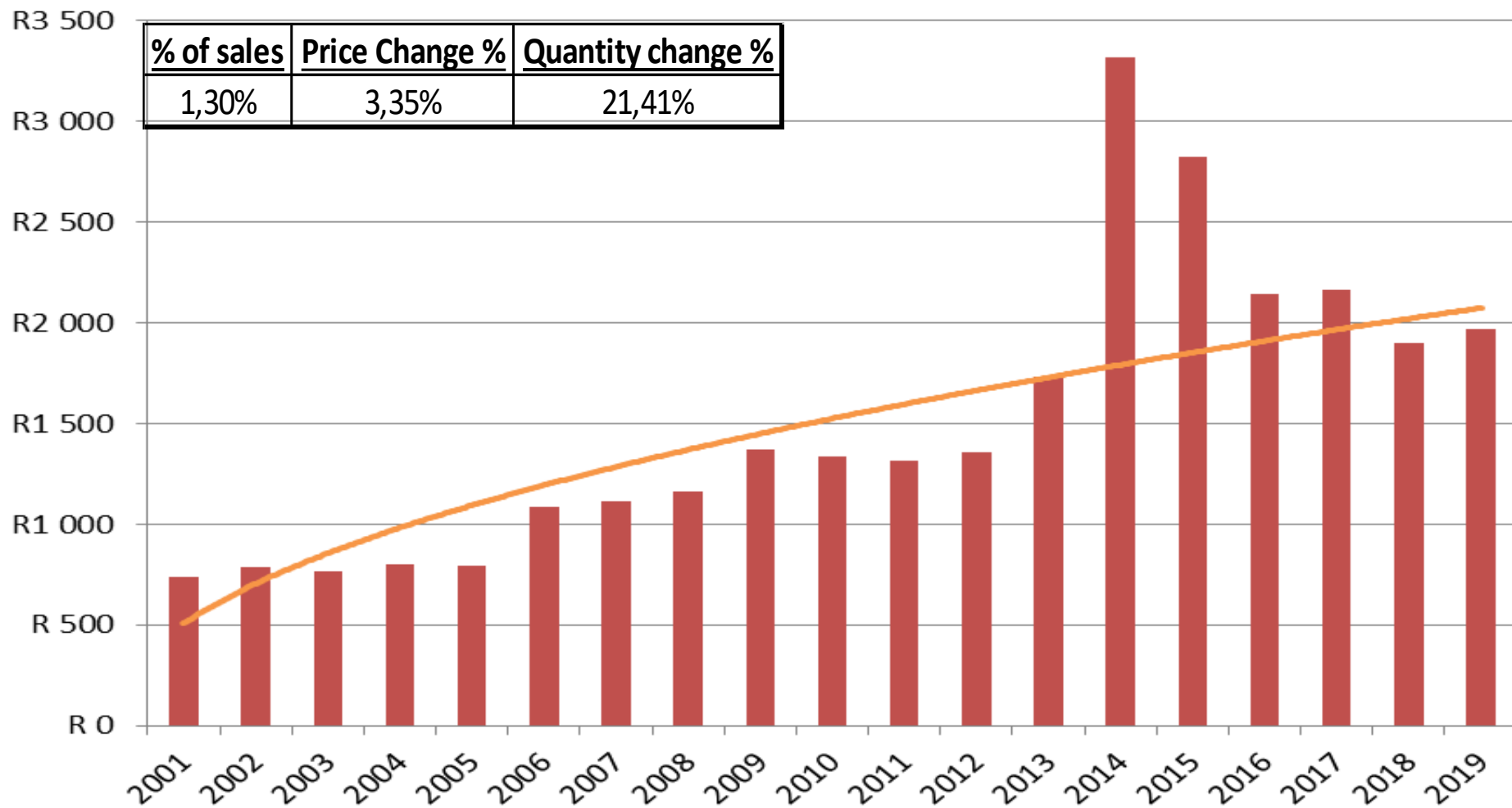


Pricing trends of game on auction – Plains Game

- The demand for hunting game has increased substantially during the 2018 season. All quality hunting game carries premium pricing on auctions.
- This is underwritten by the reports in the market of a substantial increase in overseas hunters for the South African market during the 2019 season.
- Due to the reduction in sable bull prices (between R500 to R750 per inch) in the South Africa market, the local industry can now compete more favourably with the Namibian game industry.
- Namibia's hunting market still do not offer buffalo bull's for hunting and we therefore see the South Africa hunting industry dominates the current hunting market in Southern Africa due to the complete package offering for the overseas market.
- The effect of this is an increased the demand for most other hunting species in 2019 and the industry has seen a marked increase in prices of all hunting game species in 2019 on auction.
- We anticipate trend to continue in the foreseeable future and that game farmers will continue to get premium pricing on all hunting game species.

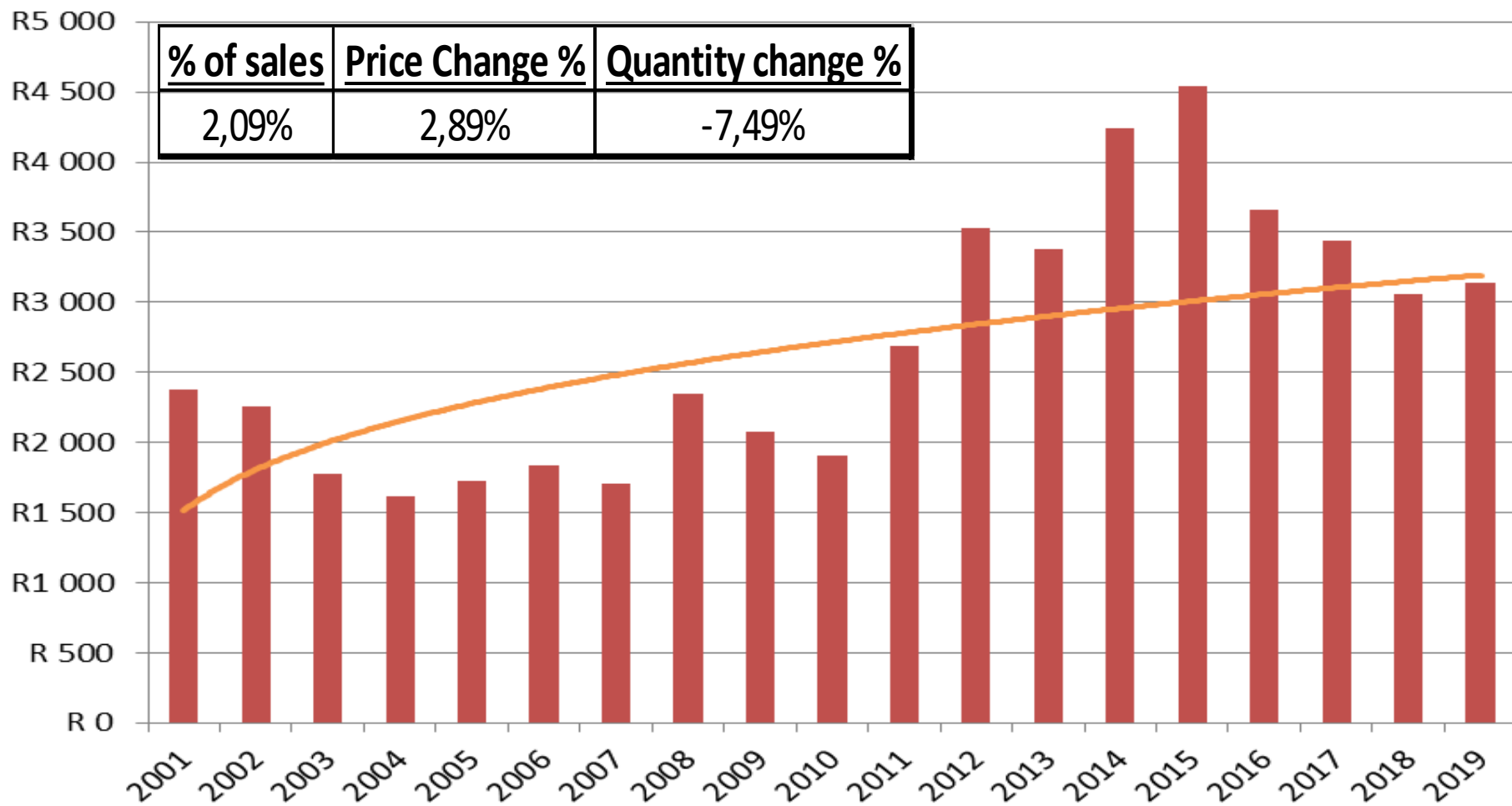


Normal Blesbuck Average price per animal





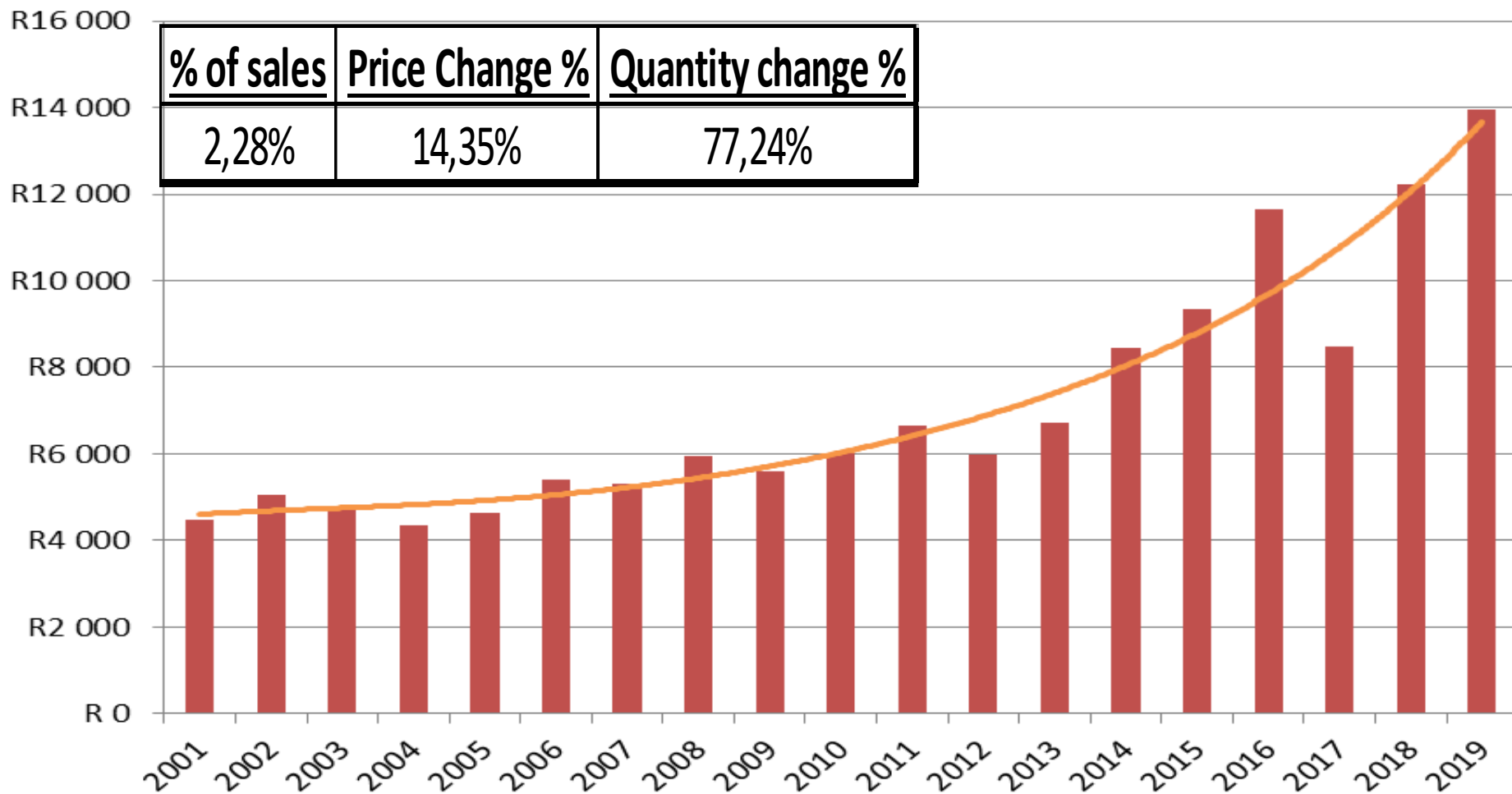
Normal Bluewildebeest Average price per animal





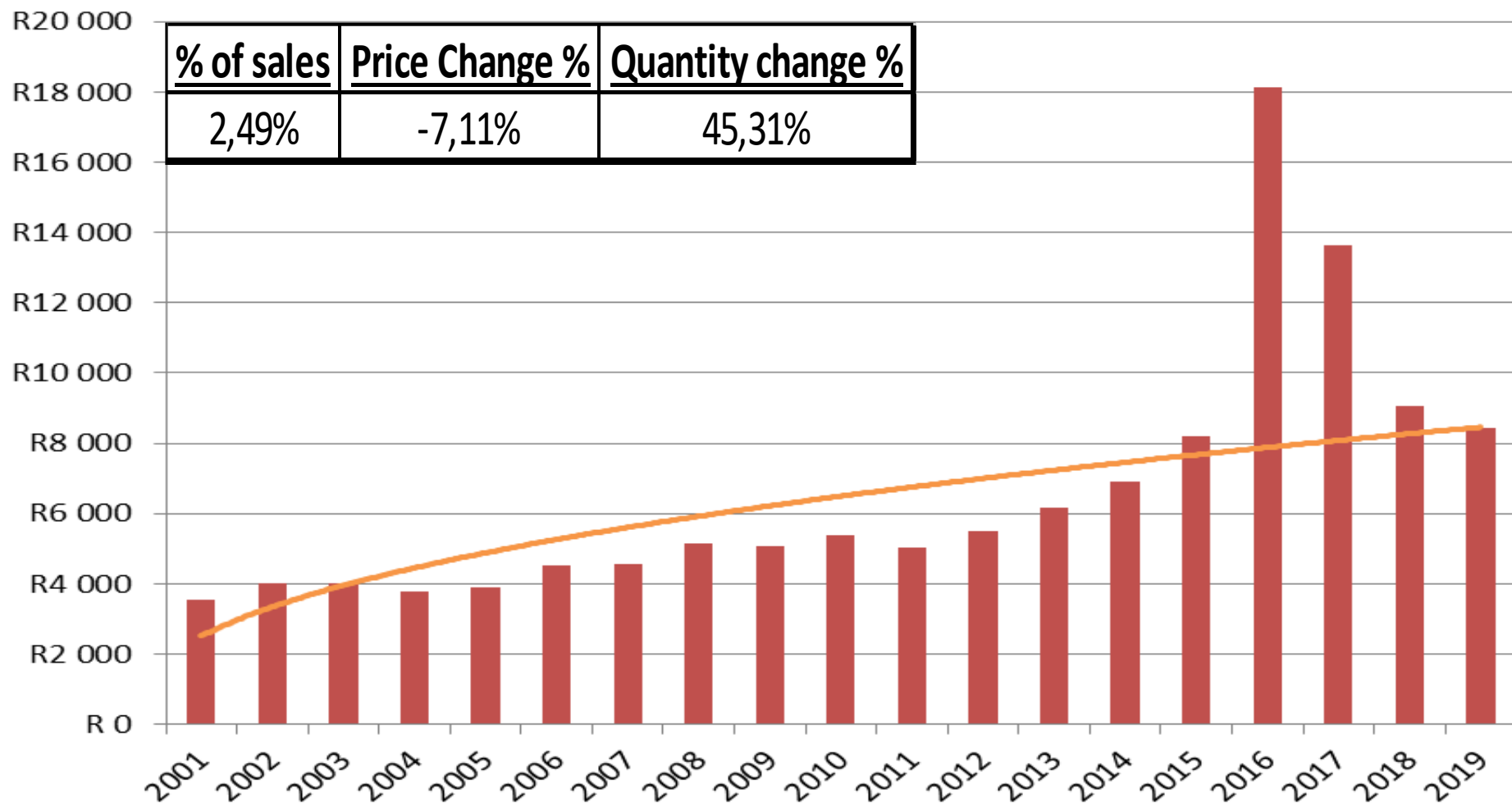
Eland Average price per animal

% of sales	Price Change %	Quantity change %
2,28%	14,35%	77,24%





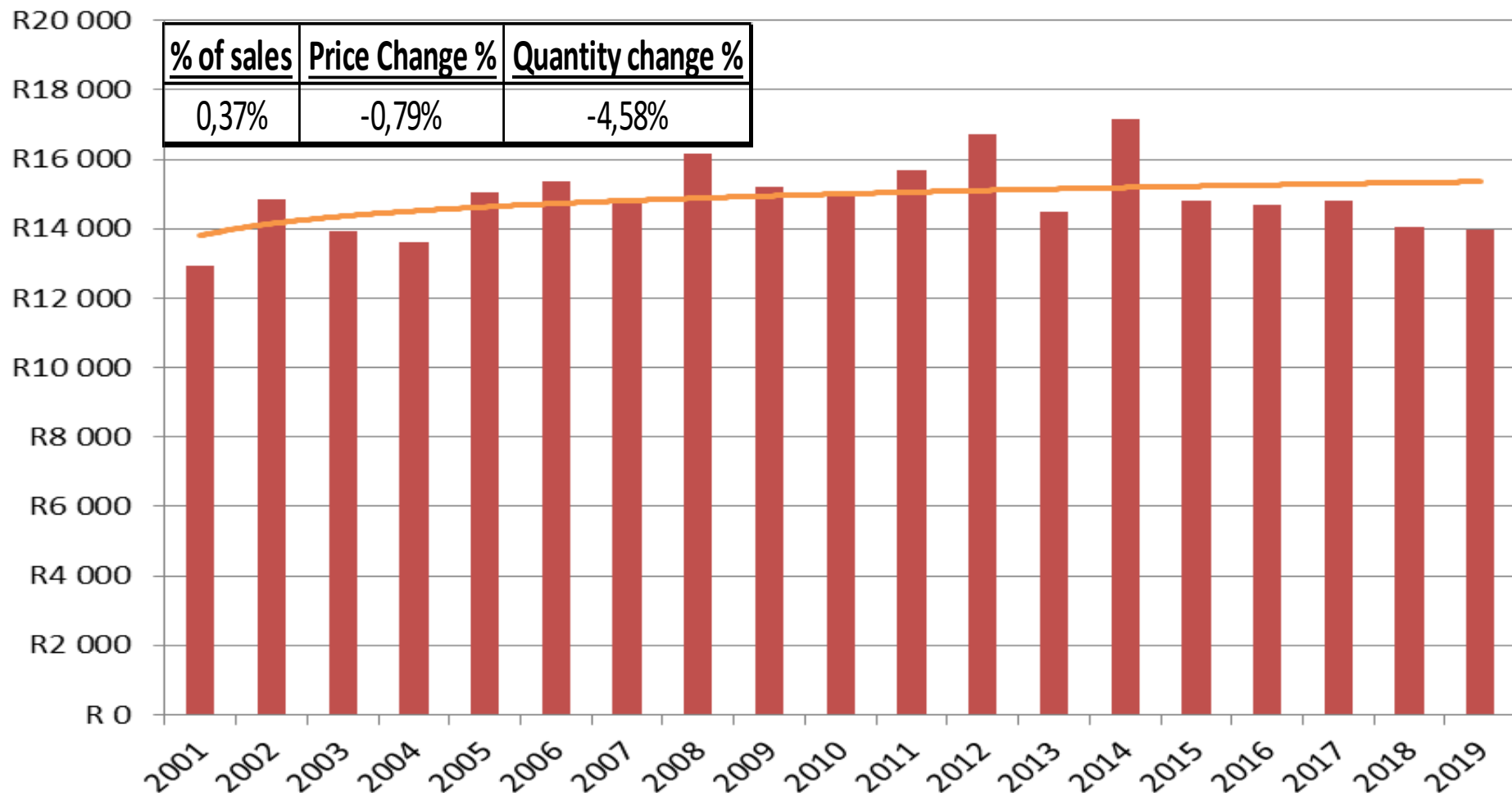
Normal Gemsbuck Average price per animal





Giraffe Average price per animal

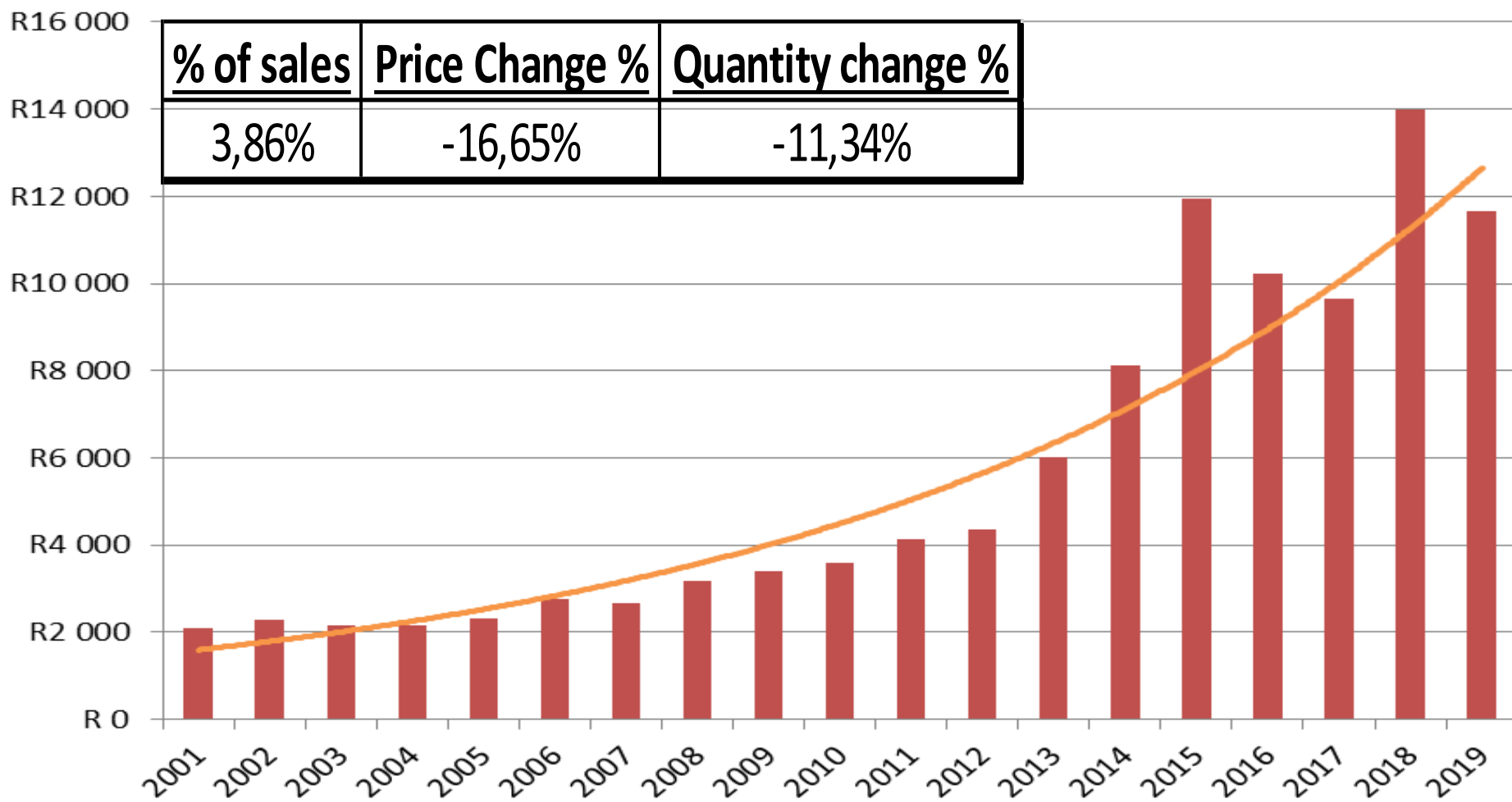
% of sales	Price Change %	Quantity change %
0,37%	-0,79%	-4,58%





Kudu Average price per animal

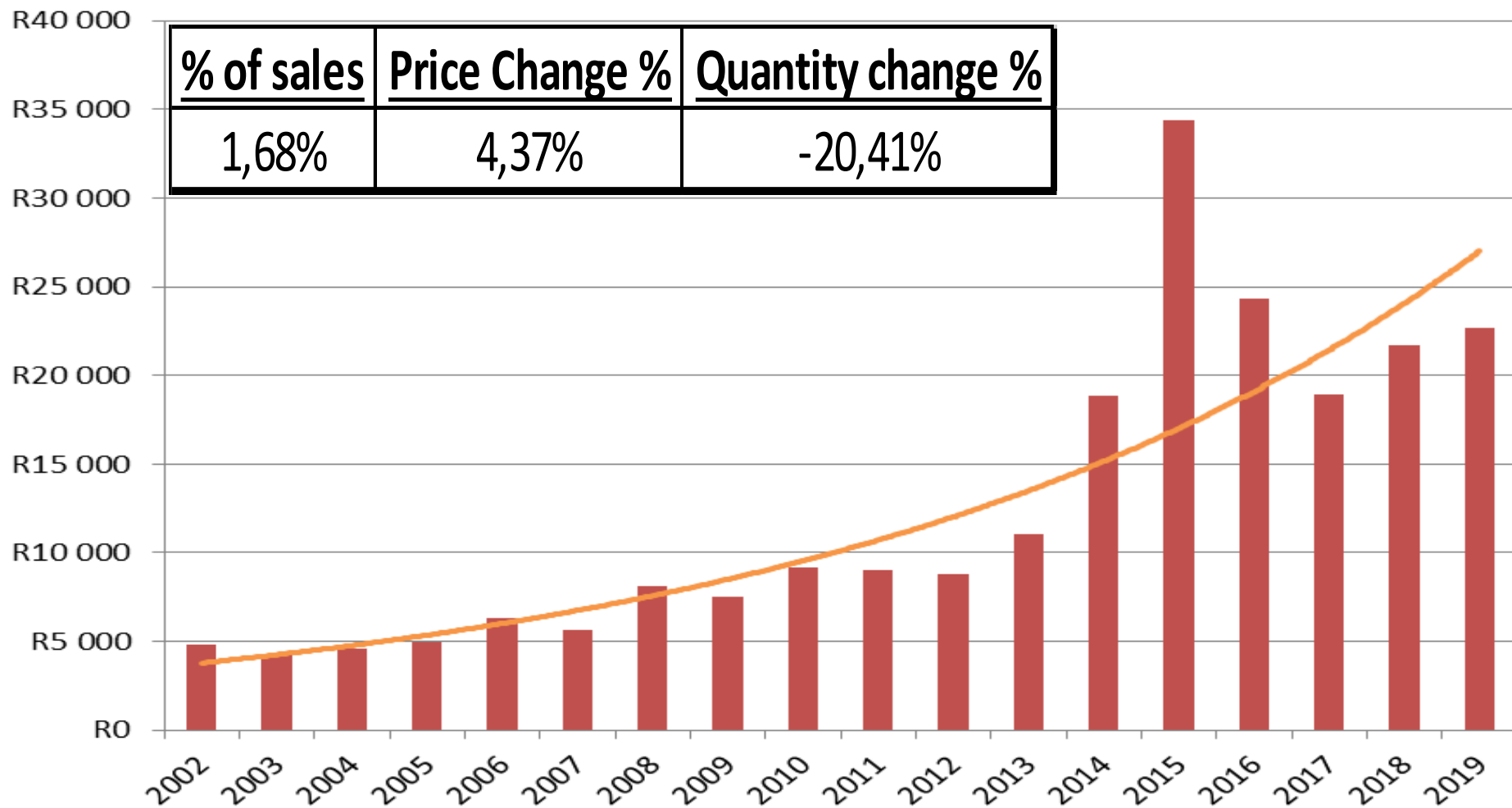
<u>% of sales</u>	<u>Price Change %</u>	<u>Quantity change %</u>
3,86%	-16,65%	-11,34%





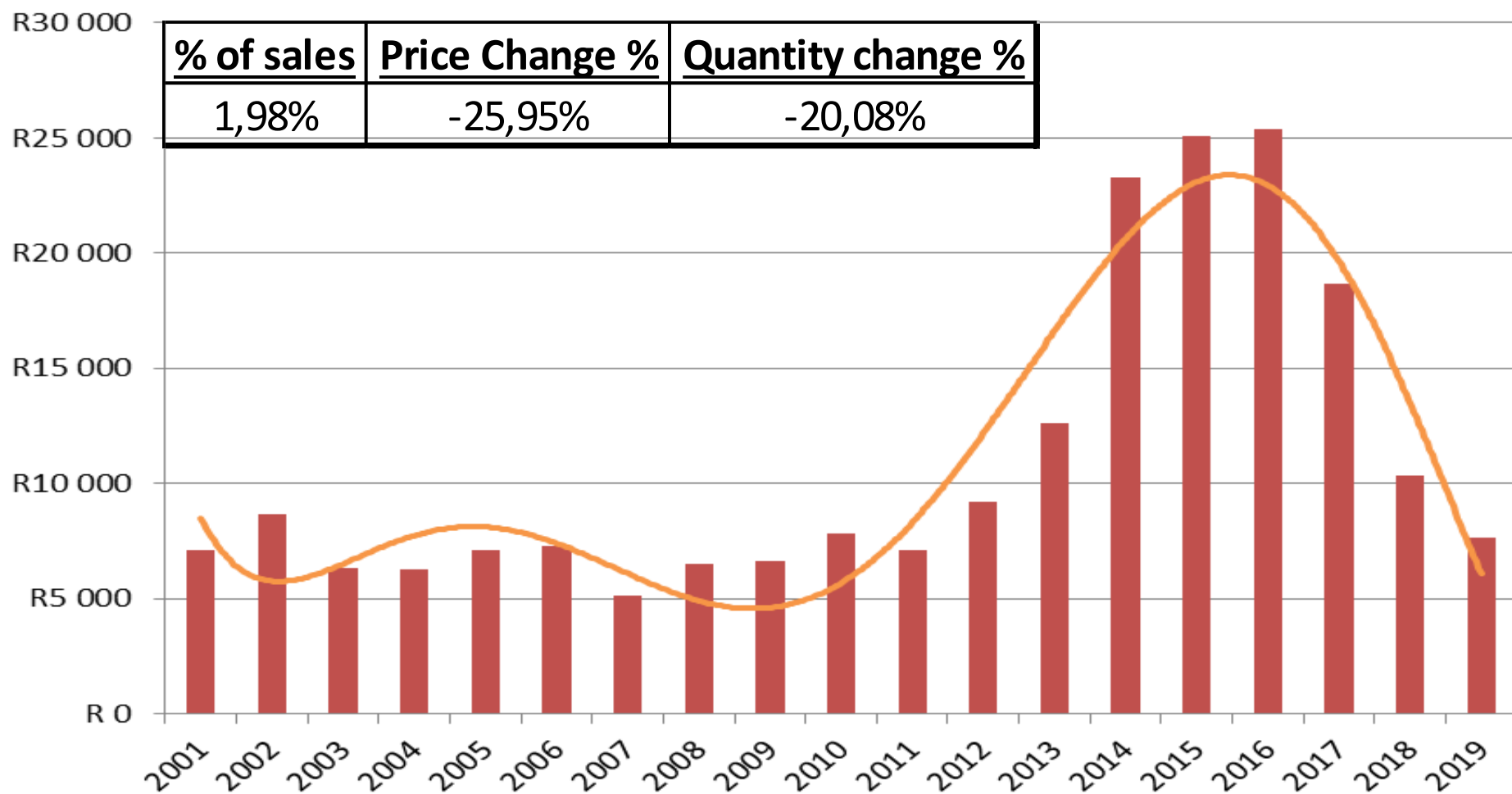
Kudu Bulls (Only) Average price per animal

<u>% of sales</u>	<u>Price Change %</u>	<u>Quantity change %</u>
1,68%	4,37%	-20,41%



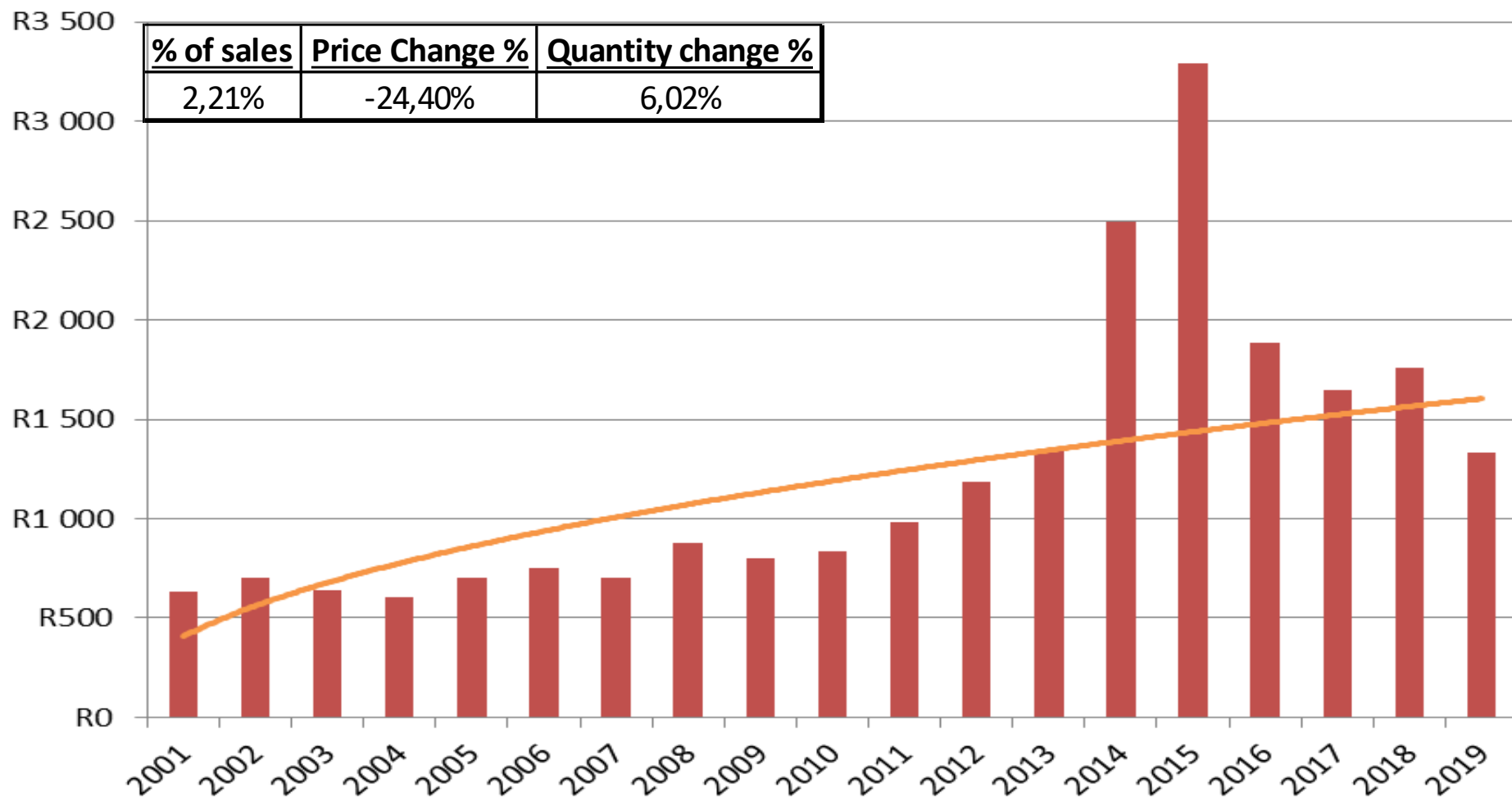


Njala Average price per animal



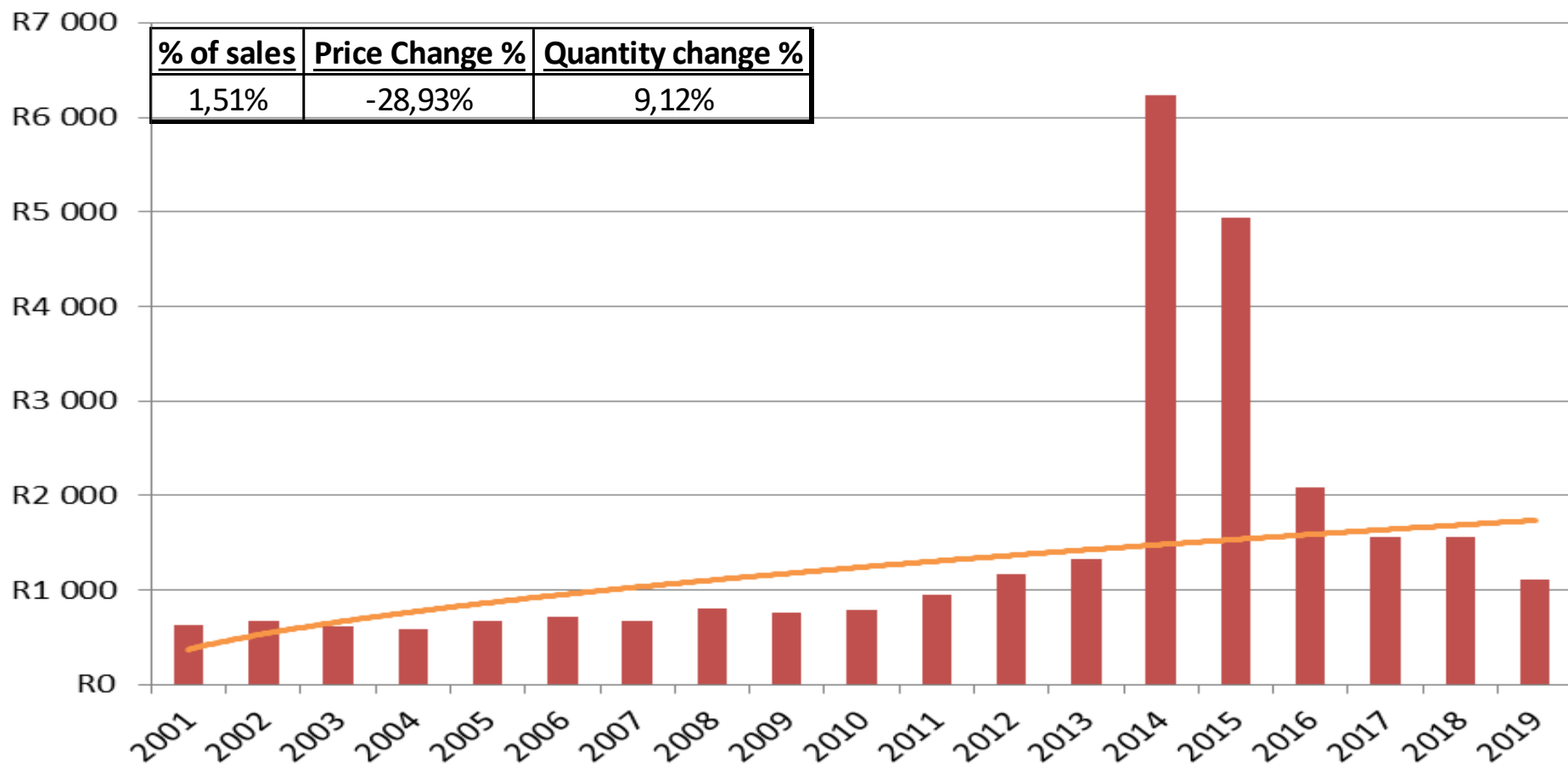


Normal Impala Average price per animal



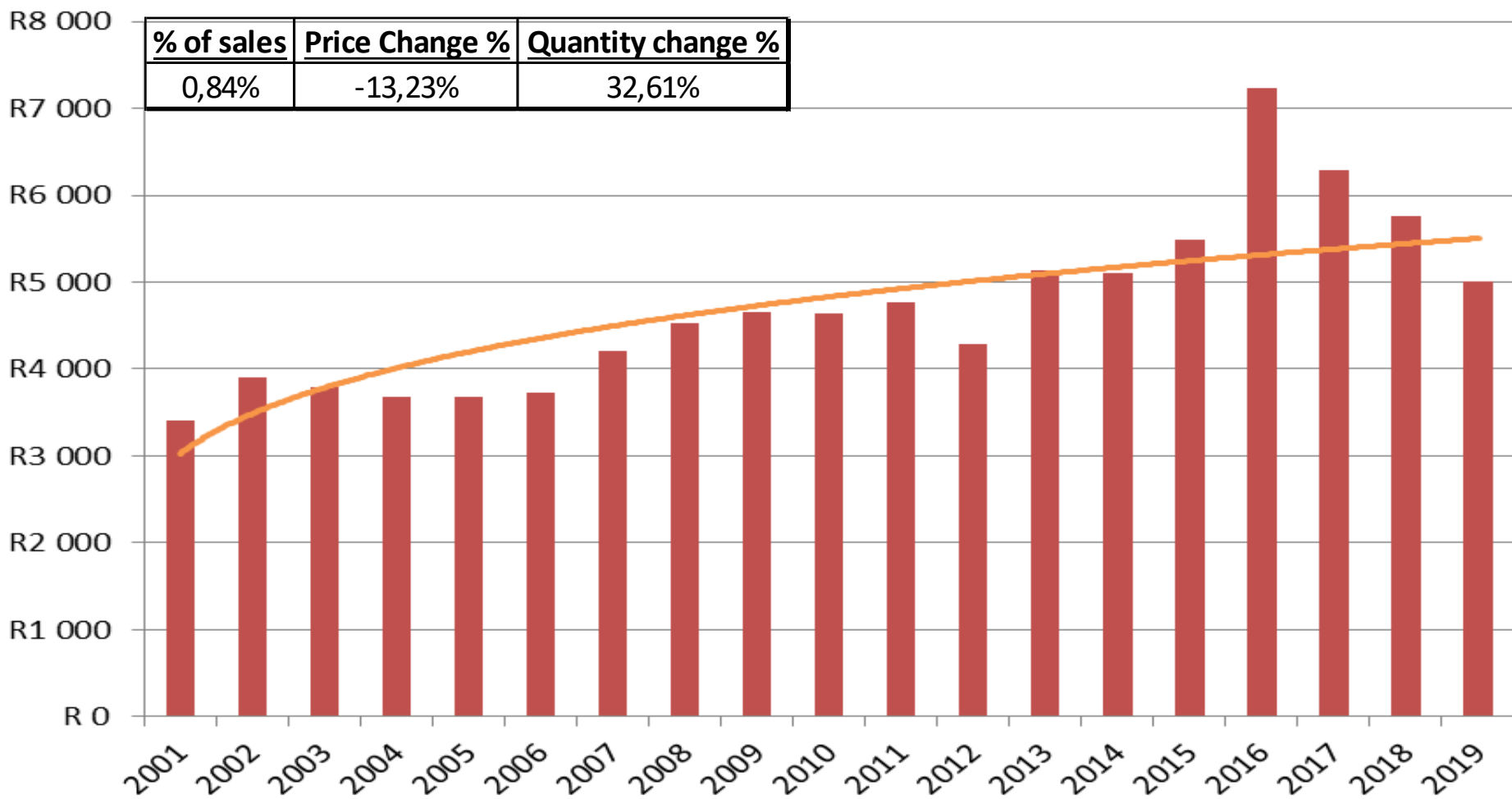


Normal Impala Average price per animal Ewe's only



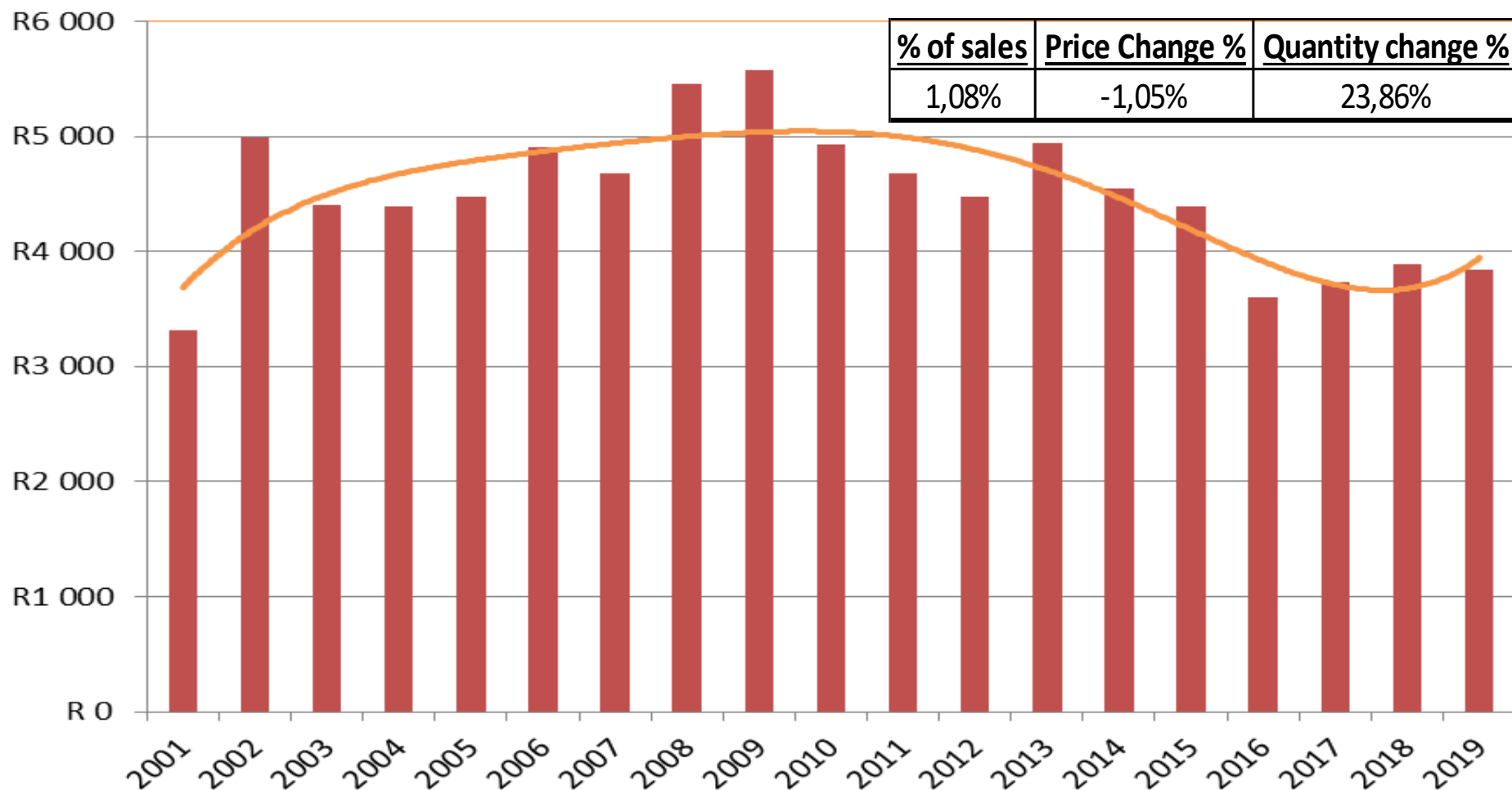


Redhartebeest Average price per animal



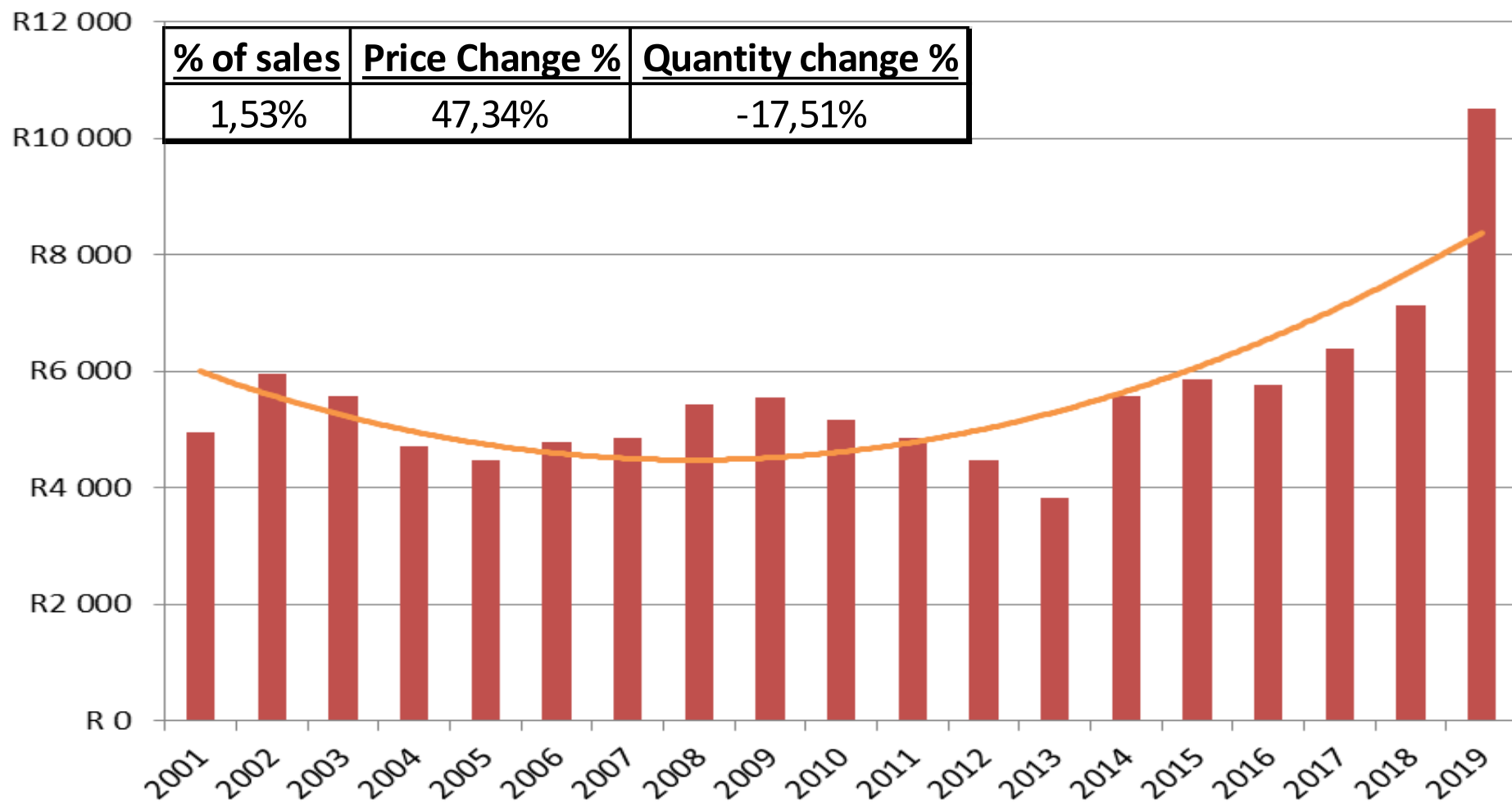


Zebra Average price per animal





Normal Waterbuck Average price per animal





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Future auction trends in the game industry

- The game auction industry in South Africa is starting to evolve to cater for the major changes in the industry.
- These changes are forced on the market due to the reduction and reset in the rare game pricing and the substantial increase in demand for quality hunting game, mostly bulls.
- The demand in game species is completely moving away from a requirement for rare game breeding mostly to be dominated again by the hunting market and demand for quality hunting game.
- We believe this trend is already prevalent in the market whereby major specialised rare game auctions are now offering quality hunting animals as part of their product for their auction.



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Future auction trends in the game industry

- These changes in the market will force the game auction industry to adapt their strategies and cater for a shift in the demand and offerings in the market to these new waves sweeping the game industry.
- We believe the days of very expensive and elaborate auctions and marketing campaigns are something of the past.
- More and more game auctions are moving to change their offering and marketing campaigns to adjust for these major price reductions in the market and change in demand of their clients.
- No longer can game breeding associations afford the high cost of auctions and spend huge amounts of money on campaigns for these auctions.



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Future auction trends in the game industry

- The average cost of these auctions need to be more in line to the new pricing of animals in the market and will force these associations to adjust their strategies to become more cost effective in selling and marketing of game on these auctions.
- Market trends currently indicate that fewer major specialised game auctions will occur in the future and that more and more “mixed” game auctions will be the offering of the day.
- This trend will also impact the number of rare breeding associations auctions in the future. This is already prevalent in the 2020 auction calendar year.
- The pricing of game has also severely impacted on the agent market.



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Future auction trends in the game industry

- There are very few game agents left in the market selling game and we see the trend to continue that game farmers will mostly market their game on auction and sell less and less via the game agent market channel.
- The low prices of the rare game market no longer make it viable for agents to sell game out of hand and we therefore see very few game agents still operating in the market.



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Future auction trends in the game industry

- We believe that in the future there will only be five to six very specialised game auctions per season, offering exceptional genetics and quality animals for the breeding game market mostly. The market for 2018 indicates that the industry is slowly moving to five auction principles in the future namely:
 - Very specialised high quality game auctions, offering mostly exceptional genetics to the rare game breeding market;
 - Mixed auctions offering a broad spectrum of rare game as well as quality hunting game and a selection of normal plains game;
 - Plains game auction with a selection of a few specialised hunting animals.
 - These auctions will mostly be regionally based and offer the game to the local market in the area and also cater for the fast growing game meat market;
 - Online Timed and Real Time Auctions offering a wide spread of game to the market. This market segment is the fastest growing segment in the industry and is following the pattern in the rest of the world for the demand for cost effective online auctions.



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Future auction trends in the game industry

- The game industry is evolving and changing dramatically day to day and the market and auction industry will need to adapt quickly to these trends or certain players will not survive.
- The ability to adapt and change strategies will be the driven force for industry players to survive this change in the industry.
- Low cost comprehensive auction solutions, offering a holistic approach to the industry will be a requirement to stay prevalent in the game industry.
- Analysing buying patterns and trends of current game auctions, indicates that the major rare game breeders are buying less and less animals on auction.
- These breeders dominated the auction industry in the past but currently are only interested in buying exceptional genetics offered on auctions.



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Future auction trends in the game industry

- This trend has drastically reduced the demand on the specialised rare game auctions.
- The market is therefore moving to a much wider spread of base clients dominated by the major hunting farms and very interesting, new entrance to the game farm industry.
- These new entrees are benefiting from the reduced game prices and therefore the barriers of entry have come down allowing these new entrees to participate in the game industry market.
- Another big factor is the reduction of the number of people attending these large specialised auctions. The market will need to adjust and cater for these changes to ensure sustainability and continued growth in the industry.



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Future auction trends in the game industry

- The plains game and hunting market is currently the main driver behind the growth in the game industry.
- The plains game industry is experiencing a shortfall in supply of game to the auction industry.
- The past few months has seen a drastic drop in available quantities of game and we foresee this to continue in 2020.
- This trend will most probably impact on the plains game pricing and we anticipate the prices of plains and hunting game to increase substantially in 2020 due to this shortfall in supply of game.



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Future auction trends in the game industry

- Information and technology will play a much bigger part in auctions in the future. Online auctions during hosted auctions will grow exponentially year on year. Online Internet auctions will become a major part of industry in future. 30% of all auction income in 2019 were generated on the online media.
- WhatsApp, twitter and electronic marketing will continue to grow as a marketing medium.
- The offerings and marketing on the day will become more and more part of auctions.
- Agent marketing will become less and less due to the price decrease in game.



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Future auction trends in the game industry

- The one stop solution for game farmers will start to grow and allow the farmer to align them with business integrity, skills and expertise.
- Farmers are moving more and more to a consolidated offering and solutions to their needs to allow them to concentrate on farming activities while the “outsourcer” can manage the services required.
- Will see a move from investing into game farming back to the more traditional farming products due to drastic reduction in rare game prices in 2017, 2018 and 2019.



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Future auction trends in the game industry

- The auction statistical data has been compiled from information obtained from websites, printed media and information available in the public domain.
- The views express in this document are those of African Wildlife Auctions and are based on information collated from the industry and feedback from customers.



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You can contact the AWA team if you require any additional information of info in regards to our future auctions on:

Zadia Lubbe 079 431 6712

Johan du Toit 082 416 8888

Alexi Rough 071 896 6301



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THANK YOU