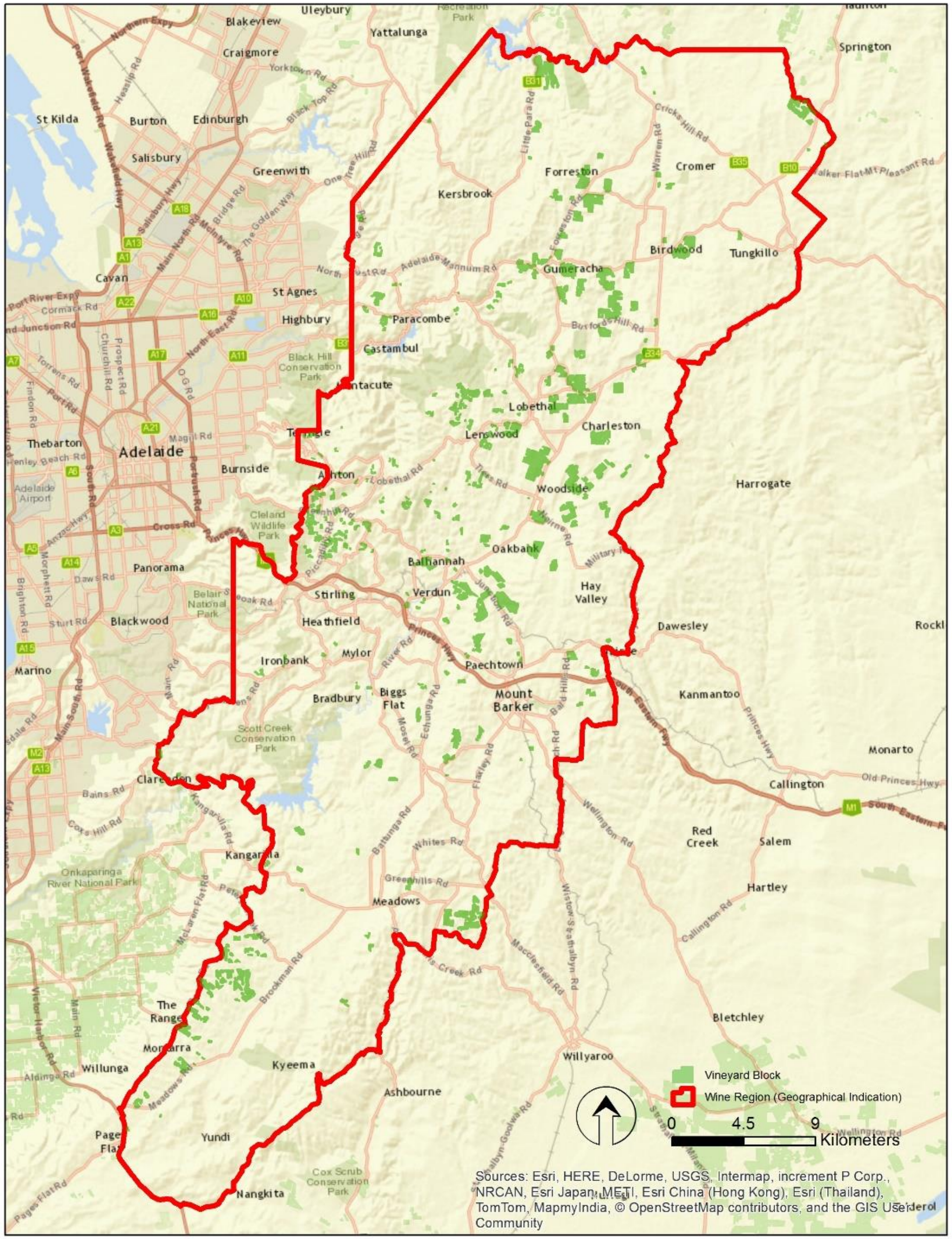


DATUM: GDA94
PROJECTION: MGA Zone 54
DATE: 8th March 2017
SOFTWARE: ESRI ArcGIS v10.4
DATA SOURCE:
Vineyard Block - Vinehealth Australia
Wine Region - Wine Australia

Adelaide Hills Wine Region

SA Winegrape Crush Survey

Regional Summary Report 2017

Adelaide Hills Wine Region

Wine Australia July 2017

Adelaide Hills

Vintage overview

VINTAGE REPORT

The annual rainfall in 2016 (1240mm at Lenswood) was the highest in the Adelaide Hills region since 1992. One third of the season's rainfall was recorded during July and September, resulting in saturated soil conditions at budburst.

Wet soils, combined with cold temperatures, resulted in slow shoot development which caused development of dense canopies and delays in the time of flowering. The late flowering and late veraison meant that vintage was delayed by three to four weeks, compared to vintage in the last decade. Interestingly, the timing of vintage was similar to that experienced in the region as the wine industry was established in the early 90s.

Moist soils meant that flower development was optimal and where flowering conditions were kind, fruit set was at least average to above average. However, there were some exceptions (e.g. Chardonnay and Pinot Noir) where wet conditions resulted in poor set. The cold, wet spring resulted in dense canopies, which significantly increased disease pressure. However, most vineyard operators were responsive to the high disease risk and managed to minimise the presence of both downy mildew and Botrytis, which usually thrive under wet weather.

Weather conditions during fruit ripening were quite dry and favoured full development of colour and flavour as there were few periods of hot weather. Vintage was up to four weeks later than usual but a long and dry Indian summer ensured minimal disease pressure and the opportunity to fully ripen crops.

Richard Hamilton, Adelaide Hills Wine

OVERVIEW OF VINTAGE STATISTICS

A total of 27,335 tonnes of Adelaide Hills winegrapes were crushed in 2017, down from 27,670 tonnes in 2016 but higher than the 22,943 tonnes crushed in 2015.

The 2017 crush is 10% above the five-year average crush from the region (2013-2017). The maximum over that timeframe was 28,559 tonnes in 2013 and the minimum was 17,873 tonnes in 2014.

The total value of winegrapes remained at $37.5 million as a decline in the tonnes crushed was offset by an increase in the region's weighted average purchase price.

There were varying results by variety. Varieties that recorded increased average purchase prices included Chardonnay (up 6% to $1,390 per tonne), Gewurztraminer (up 4% to $770 per tonne), Riesling (up 18% to $1,034 per tonne), Merlot (up 18% to $797 per tonne) and Montepulciano (up 5% to $2,048 per tonne). Those that recorded a decline included Cabernet Sauvignon (down 6% to $1,526 per tonne), Shiraz (down 7% to 1,869 per tonne), Tempranillo (down 1% to $1,619 per tonne), Pinot Gris/Grigio (down 1% to $1,433 per tonne) and Sauvignon Blanc (down 3% to $1,218 per tonne). The average price for Pinot Noir was stable at $1,561 per tonne).

The price dispersion data shows that 48% of red varieties were purchased at over $1500 compared with 47% in 2016. For the whites, 62% were purchased between $600 and $1500 and 33% at above $1500 – the same as last year.

There were 33 hectares of new vines planted in 2016. Half of these new plantings were Pinot Noir (10ha) and Chardonnay (7ha). The total area planted in the region increased by 30 hectares after a net reduction of 47 hectares last year.

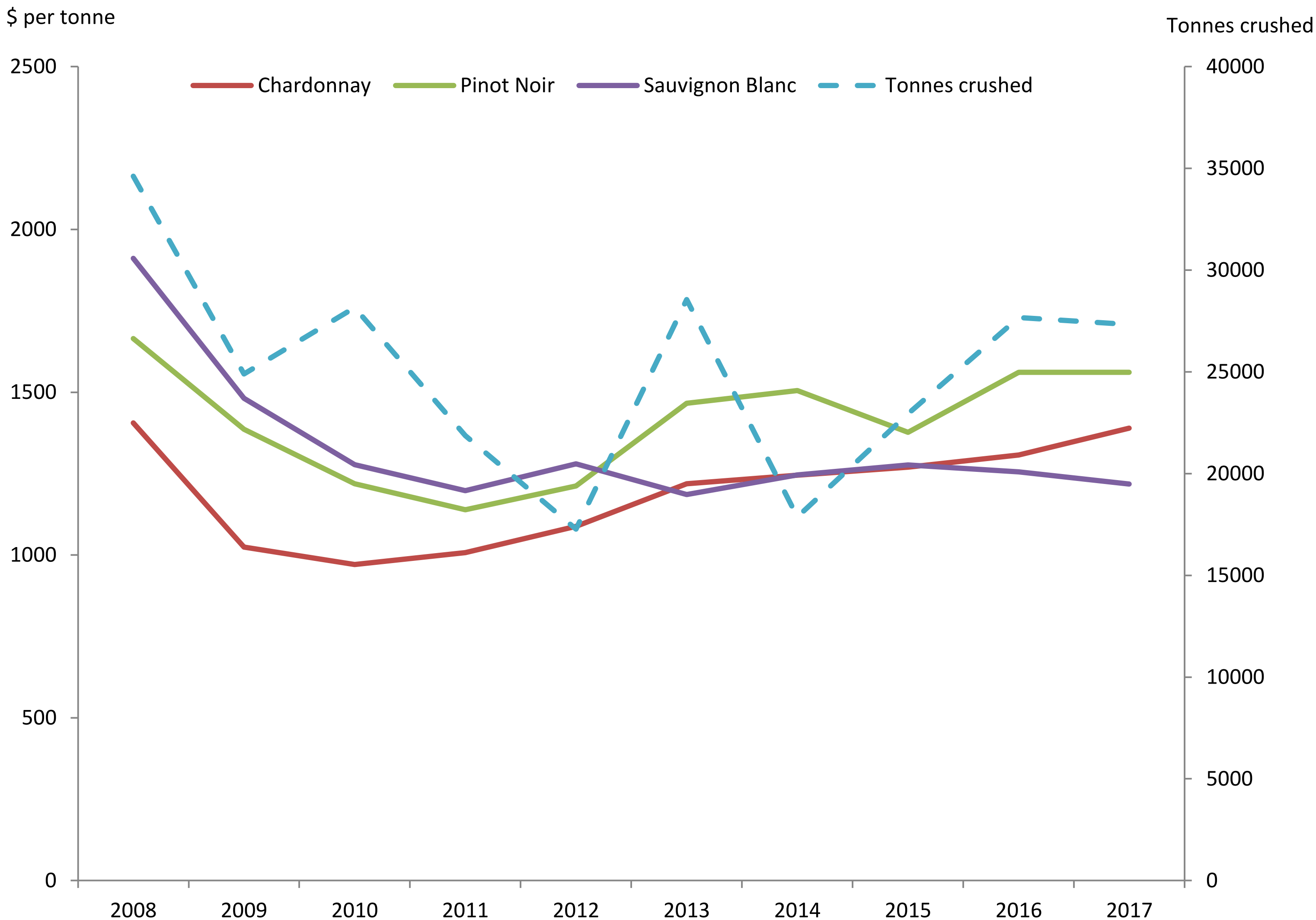
Adelaide Hills

Winegrape intake summary table

Variety	Tonnes purchased	E (less than $300)	D ($300-$600)	C ($600-$1,500)	B ($1,500-$2,000)	A (above $2000)	Total value purchased	Calc avg. purch value per tonnes	Change in price YoY	Winery grown fruit	Share of own grown	Total crushed	Est total value ALL grapes
Red													
Barbera	13				41%	59%	$25,942	$1,981	10%			13	$25,942
Cabernet Franc										26	100%	26	$39,347
Cabernet Sauvignon	302			65%	24%	11%	$460,222	$1,526	-6%	263	47%	565	$862,298
Dolcetto	4									3	39%	7	$16,726
Malbec	3											3	$4,040
Merlot	711		1%	98%	1%		$566,490	$797	18%	46	6%	757	$603,153
Montepulciano	17				56%	44%	$34,790	$2,048	5%			17	$34,790
Pinot Meunier	208			40%	50%	10%	$306,514	$1,475	11%			208	$306,514
Pinot Noir	4249	0%	0%	46%	39%	14%	$6,632,955	$1,561	0%	671	14%	4941	$7,713,325
Sangiovese	37			95%	5%		$41,598	$1,132	-14%			37	$41,598
Shiraz	764			38%	17%	44%	$1,428,218	$1,869	-7%	810	51%	1575	$2,942,134
Tempranillo	91			16%	73%	10%	$147,649	$1,619	-1%	56	38%	147	$238,584
Other red	47				65%	35%	$92,621	$1,960	-5%	39	45%	86	$168,786
Red total	6446	0%	0%	51%	32%	16%	$9,751,254	$1,513	0%	1915	23%	8382	$12,997,237
White													
Chardonnay	4949	0%		70%	19%	12%	$6,877,268	$1,390	6%	1003	17%	5952	$8,278,232
Fiano	9											9	$17,016
Gewurztraminer	139			93%	7%		$106,885	$770	4%	6	4%	145	$111,792
Muscat a Petit Grains Blanc	16											16	$12,400
Pinot Gris/Grigio	1621		2%	59%	33%	6%	$2,323,519	$1,433	-1%	1228	43%	2849	$4,083,886
Prosecco										51	100%	51	$65,500
Riesling	262			78%	20%	1%	$271,340	$1,034	18%	38	13%	301	$311,116
Sauvignon Blanc	5897	0%	5%	67%	26%	2%	$7,184,775	$1,218	-3%	3129	35%	9026	$10,997,907
Semillon	201		41%	52%	7%		$155,020	$771	9%	139	41%	340	$262,066
Vermentino	13											13	$10,208
Viognier	30			99%	1%		$30,615	$1,010	12%	8	21%	38	$38,773
Other white	104			37%	47%	16%	$150,830	$1,455	3%	109	51%	213	$310,045
White total	13241	0%	3%	67%	24%	6%	$17,139,876	$1,294	1%	5713	30%	18953	$24,498,942
Grand total	19687	0%	2%	62%	27%	9%	$26,891,130	$1,366	1%	7628	28%	27335	$37,496,179

Adelaide Hills

Historical weighted average price vs tonnes crushed



Adelaide Hills

Current plantings by variety and year planted

	Current area in hectares					
Variety	Pre-2014	2014	2015	2016	Total area	% planted in 2016
Red winegrapes						
Cabernet Franc	8	1	0	0	9	3%
Cabernet Sauvignon	204	5	0	3	212	1%
Grenache	2	0	0	0	2	0%
Merlot	159	0	0	0	159	0%
Meunier (Pinot Meunier)	25	0	0	0	25	0%
Nebbiolo	10	0	0	0	10	1%
Other Red	32	1	2	1	35	2%
Petit Verdot	2	0	0	0	2	0%
Pinot Noir	656	7	3	10	675	2%
Sangiovese	12	1	0	0	13	2%
Shiraz	338	3	1	8	350	2%
Tempranillo	29	0	0	1	29	2%
Total red varieties	**1,475**	**17**	**6**	**23**	**1,522**	**1%**
White winegrapes						
Chardonnay	814	2	6	7	829	1%
Gruner Veltliner	16	1	1	0	18	0%
Muscat A Petit Grains Blanc (White Frontignac)	0	0	0	0	0	0%
Other White	28	0	1	0	29	0%
Pinot Gris	251	0	0	0	251	0%
Riesling	66	0	0	0	66	0%
Sauvignon Blanc	983	2	0	2	986	0%
Semillon	54	0	0	0	54	0%
Traminer (Gewurztraminer)	22	0	0	0	22	0%
Verdelho	3	0	0	0	3	0%
Viognier	27	0	0	0	27	0%
Total white varieties	**2,264**	**5**	**8**	**9**	**2,286**	**0%**
Rootstock Block	2	0	0	0	2	0%
Unknown variety	38	0	0	1	39	4%
Total all varieties	**3,779**	**22**	**14**	**33**	**3,848**	**1%**

Source: Vinehealth Australia

Explanations and definitions

INTAKE (CURRENT VINTAGE) DATA

Definition of regions

Regions have been defined in accordance with Geographical Indication (GI) boundaries. If a GI region has not been declared, or produces less than 5,000 tonnes, then the data is aggregated into the relevant GI zone. Disaggregation of data into smaller regions such as Southern Fleurieu and Mount Benson is available on request from Wine Australia.

Total crush

The total crushed is the total tonnes of grapes crushed from a particular source region, whether processed in that region, another region in SA or interstate. All wineries in Australia are included in the survey collection process. However, not all wineries respond to the survey - therefore the total tonnage reported may underestimate the true crush. It is estimated that the overall response rate for the survey is 88%; however, individual regions may vary. Generally, regions will have a higher response rate when there is a high proportion of purchased winegrapes within the region

Reported fruit is separated into fruit produced from the winery's own or associated vineyards ("own grown") and from independent vineyards ("purchased").

Calculated average purchase value

The survey requests wineries to provide the total amount paid for each parcel of fruit purchased (or the price per tonne). This is the price paid for fruit of a particular variety at the point of receival – NOT including freight. It includes any penalties or bonuses (eg Baumé) applied at the weighbridge, but DOES NOT INCLUDE other bonuses or adjustments such as end use quality bonuses, which are not available at the time the survey is conducted (May 2017).

The calculated average purchase value per tonne is the average amount paid per tonne of fruit across all wineries.

Winery grown grapes are not included in the calculation of average purchase value; nor are grapes grown by companies connected with the winery or under lease arrangements.

Important note on average purchase value

There is considerable variation in the pricing arrangements made by different wineries. For example, some wineries make adjustment payments based on the average value per tonne reported in this survey and some pay quality bonuses based on the end use of the product. These additional payments are not included in the reported figures. The average price also does not give any indication of the distribution of prices, or variables that go into individual contracts. It should also be noted that in minor varieties there may sometimes be very few purchases contributing towards a calculated average purchase value.

Price dispersion data (shaded columns in Intake Summary tables)

All purchases for each variety are grouped into categories according to the price paid for that fruit. The tonnes in each category are converted into a percentage of the total tonnes purchased, giving an indication of what share of fruit was purchased in each price range category. The categories are given nominal titles of A to E for convenience but these do not correspond with grades used by any particular winery.

Estimated total value of all grapes

The estimated total value of all grapes is calculated by multiplying the average purchase value per tonne by all tonnes crushed. If there is a variety where there are no purchases, then the average purchase value across all other varieties of the same colour in the same region is used to determine an estimated value for the own grown grapes.

Explanations and definitions cont.d

PLANTING DATA

Source of planting data tables

Planting data is not collected by the 2017 Australian Wine Sector Survey. The information is obtained from the vineyard register maintained by Vinehealth Australia.

Vinehealth Australia is required under the *Phylloxera and Grape Industry Act 1995* to maintain a complete and accurate register of vineyard owners in the state. Vineyard owners with plantings of 0.5 hectares or more are required to register with Vinehealth Australia, and provide details of any changes made to these vineyard plantings within three months of any such change. This information is kept strictly confidential.

Vineyard plantings are recorded by Geographical Indication. Planting details for smaller regions not included in the survey report are available on request from Vinehealth Australia.

For more information on registration of vineyards, please contact the Vinehealth Australia office on (08) 8273 0550.

Explanatory notes for planting data tables

1. Planting data tables are current as at April 2017 and include all plantings from the 2016 planting season.
2. Vines planted in a particular year may include top-worked or replaced vines, as well as new plantings in virgin ground. Where vines have been replaced or topworked, the old variety record is removed. This explains why the area planted for earlier years may be different in the 2017 report compared with previous reports.
3. Where a zero (0) appears in a table, this may indicate the presence of a planting of less than 0.5 hectares, or it may indicate zero plantings. Rounding may produce slight variations between tables.

AUSTRALIAN WINE SECTOR SURVEY

The information for this report has been collected and analysed by Wine Australia as part of the Australian Wine Sector Survey. The SA Winegrape Crush Survey Report has been prepared by Wine Australia on behalf of the South Australian Wine Industry Association, Wine Grape Growers South Australia and Primary Industries and Regions SA.

Maps and planting data tables provided by Brendan Tully, Vinehealth Australia.

The survey publication is available on Wine Australia's website wineaustralia.com, the Vinehealth Australia website vinehealth.com.au and via links from the Wine Grape Council SA website wgcsa.com.au and the South Australian Wine Industry Association website winesa.com.au

Disclaimer

Any questions about the report should be directed to:

Wine Australia
+618 8228 2000
information@wineaustralia.com