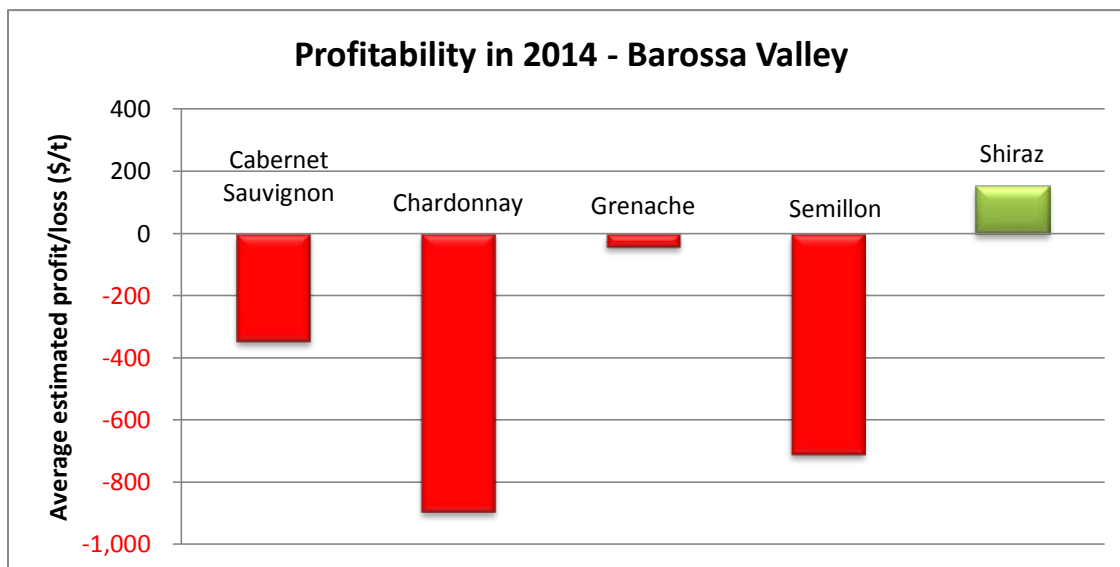




Profitability analysis by variety

	2014 Regional Harvest Outcomes							Planning for 2015		
	Average yield t/ha* (A)	District average price \$/t (B)	Gross \$/Ha (A x B) (C)	Est cost of production (COP) \$/Ha** (D)	Profit \$/Ha (C-D)	Profit/Loss \$/t in 2014 B - (D ÷ A)	% tonnes sold below COP***	5 year ave yield t/ha* (H)	Break even \$/t (D ÷ H) (I)	Difference: 2014 district average & break-even price (B - I)
Cab Sauvignon	3.6	\$1,504	\$5,414	\$6,750	-\$1,265	-\$347	69%	4.5	\$1,511	-\$7
Chardonnay	4.7	\$535	\$2,515	\$6,750	-\$4,221	-\$893	0%	5.8	\$1,165	-\$630
Grenache	5.0	\$1,301	\$6,505	\$6,750	-\$220	-\$44	60%	6.1	\$1,098	\$203
Semillon	5.5	\$514	\$2,827	\$6,750	-\$3,910	-\$708	0%	6.8	\$998	-\$484
Shiraz	4.0	\$1,849	\$7,396	\$6,750	\$616	\$155	51%	4.9	\$1,383	\$466



This information should be used as a guide only. Production costs and returns can vary considerably. The purpose is to give vineyard owners and managers a simple financial illustration that can be adapted to their own situation to assist with planning.

Summary of key points - 2014

- ★ Yields were 22% down on five year average
- ★ The average price per tonne for all major varieties except Shiraz was below estimated cash cost of production
- ★ Losses for most varieties were between \$200 and \$4,200 p/ha on average
- ★ Just over half of all Shiraz tonnes were sold at below cost of production
- ★ For other red varieties, around two-thirds was sold at below cost of production but white varieties were all sold below the cost of production

Looking ahead to 2015

- ★ Based on average yields for the past five years, red varieties would be expected to cover cash costs (or close to) if price paid was equal to the 2014 average price, but prices paid for Chardonnay and Semillon are approximately half what is required to cover cash costs.

Notes

* Figures derived from the SA Winegrape Crush Survey

**Cash costs only – excluding water, depreciation, finance costs and return on investment

***Price dispersion information from the AGWA Price Dispersion Report 2014