## Profitability analysis by variety

	2015 Regional Harvest Outcomes							Planning for 2016		
	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 2015 B - (D ÷ A)	% tonnes sold below COP***	5 year ave yield t/Ha* (H)	Break even $/t (D ÷ H) (I)	Difference: 2015 district average & break-even price (B - I)
Cab Sauvignon	3.3	$1,808	$5,966	$6,750	-$712	-$213	74%	3.7	$1,838	-$30
Chardonnay	6.1	$580	$3,538	$6,750	-$3,189	-$519	100%	6.8	$999	-$419
Grenache	4.4	$1,495	$6,578	$6,750	-$214	-$49	51%	4.8	$1,404	$91
Semillon	5.0	$603	$3,015	$6,750	-$3,757	-$757	100%	5.5	$1,236	-$633
Shiraz	4.3	$2,137	$9,189	$6,750	$2,469	$572	4%	4.7	$1,422	$715

Profitability in 2015 - Barossa Valley
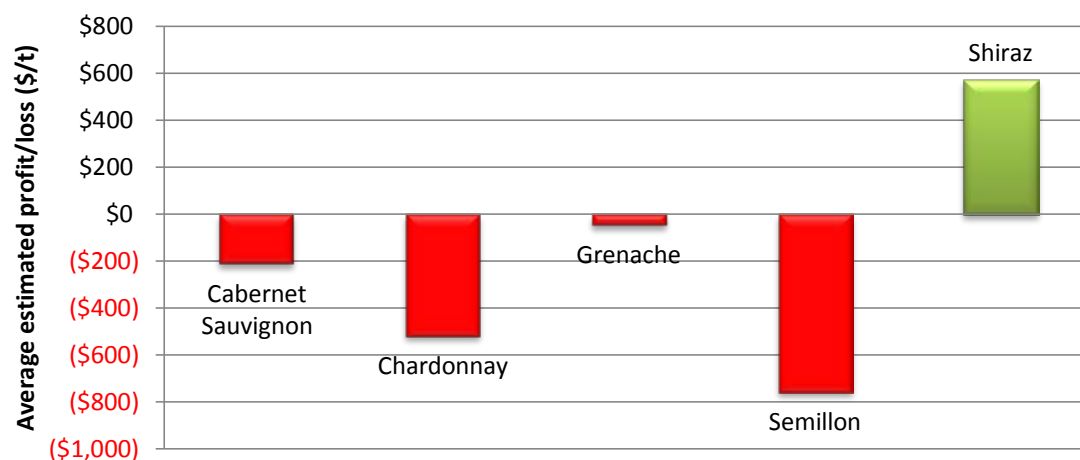
Summary of key points - 2015

★ Yields were 10% down on five year average.

★ The average price per tonne for all major varieties except Shiraz was below estimated cash cost of production

★ The average price paid for Shiraz was the highest ever recorded.

★ Only 4% of Shiraz tonnes were sold at below cash costs of production, compared with 49% in 2014.

★ Gross return per hectare increased for all major varieties compared with 2014.

Looking ahead to 2016

★ 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 2015 average price, but prices paid for Chardonnay and Semillon are approximately half what is required to cover cash costs.

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.

Notes

* Figures derived from the SA Winegrape Crush Survey
**Cash costs only – excl. GST, water, depreciation, finance costs and return on investment
***Price dispersion information from the AGWA Price Dispersion Report 2015