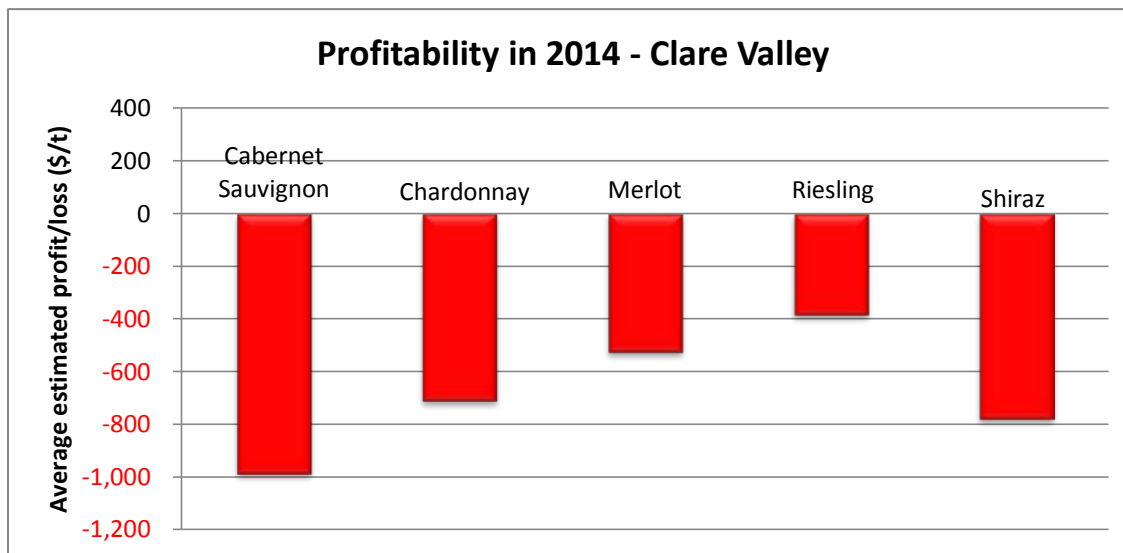




Profitability analysis by variety

	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) (E)	Profit/Loss \$/t in 2014 B - (D ÷ A) (F)	% tonnes sold below COP*** (G)	5 year ave yield t/ha* (H)	Break even \$/t (D ÷ H) (I)	Difference: 2014 district average & break-even price (B - I) (J)
Cab Sauvignon	3.1	\$1,193	\$3,698	\$6,750	-\$3,050	-\$984	100%	3.2	\$2,081	-\$888
Chardonnay	5.0	\$650	\$3,250	\$6,750	-\$3,520	-\$708	100%	5.2	\$1,299	-\$649
Merlot	5.2	\$770	\$4,004	\$6,750	-\$2,730	-\$523	98%	5.5	\$1,236	-\$466
Riesling	4.8	\$1,010	\$4,848	\$6,750	-\$1,862	-\$385	92%	5.1	\$1,334	-\$324
Shiraz	3.2	\$1,310	\$4,192	\$6,750	-\$2,512	-\$777	86%	3.4	\$1,995	-\$685



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 5% down on five year average
- ★ The average price paid per tonne for all major varieties was well below estimated cash cost of production
- ★ Losses for most varieties were between \$2,000 and \$3,500 p/ha on average
- ★ Approximately 15% of Shiraz was sold at above estimated cost of production – for all other varieties over 90% was sold below the cost of production.

Looking ahead to 2015

- ★ Based on average yields for the past five years, none of the major varieties would be expected to cover cash costs if the price paid was equal to the 2014 average price.

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