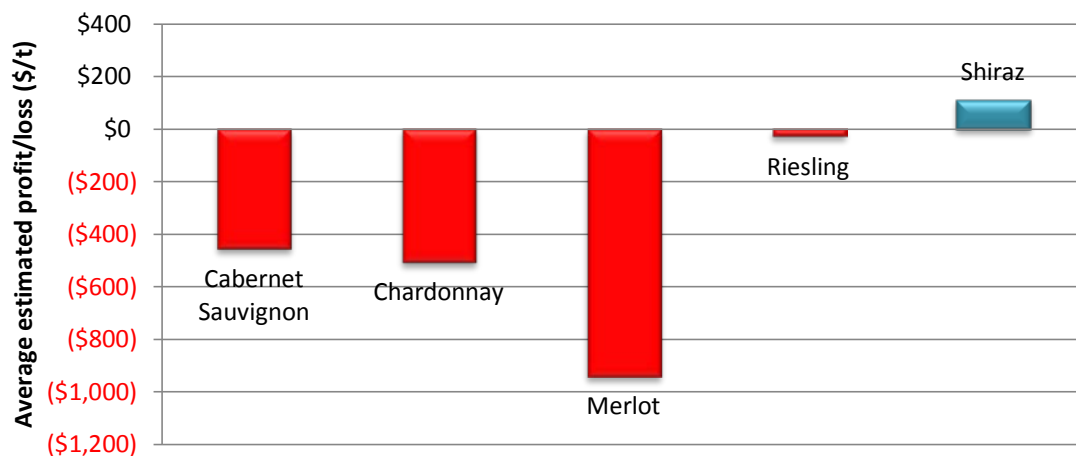




Profitability analysis by variety

	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) (E)	Profit/Loss \$/t in 2015 B - (D ÷ A) (F)	% tonnes sold below COP*** (G)	5 year ave yield t/ha* (H)	Break even \$/t (D ÷ H) (I)	Difference: 2015 district average & break-even price (B - I) (J)
Cab Sauvignon	3.6	\$1,520	\$5,472	\$7,200	-\$1,667	-\$458	83%	3.6	\$1,998	-\$478
Chardonnay	6.3	\$636	\$4,007	\$7,200	-\$3,196	-\$508	97%	6.2	\$1,155	-\$519
Merlot	4.1	\$824	\$3,378	\$7,200	-\$3,840	-\$942	98%	4.0	\$1,784	-\$960
Riesling	8.2	\$850	\$6,970	\$7,200	-\$242	-\$30	N/A	8.1	\$888	-\$38
Shiraz	6.2	\$1,281	\$7,942	\$7,200	\$701	\$114	30%	6.1	\$1,179	\$102

Profitability in 2015 - Coonawarra



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 - 2015

- ★ Yields were very close to the five year average
- ★ The average price per tonne for all major varieties except Shiraz was below the cash cost of production
- ★ Gross return per hectare ranged from \$3,400 to \$7,900 per hectare.
- ★ 30% of Shiraz was sold at below the estimated average cost of production (compared with 50% in 2014) – for all other varieties over 80% of the fruit was sold below the estimated average cash cost of production.

Looking ahead to 2016

- ★ Based on average yields for the past five years, only Shiraz of the major varieties would be expected to cover cash costs if the price paid was equal to the 2015 average price. The price required to cover average cash costs for Cabernet Sauvignon is estimated to be \$1,998.

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