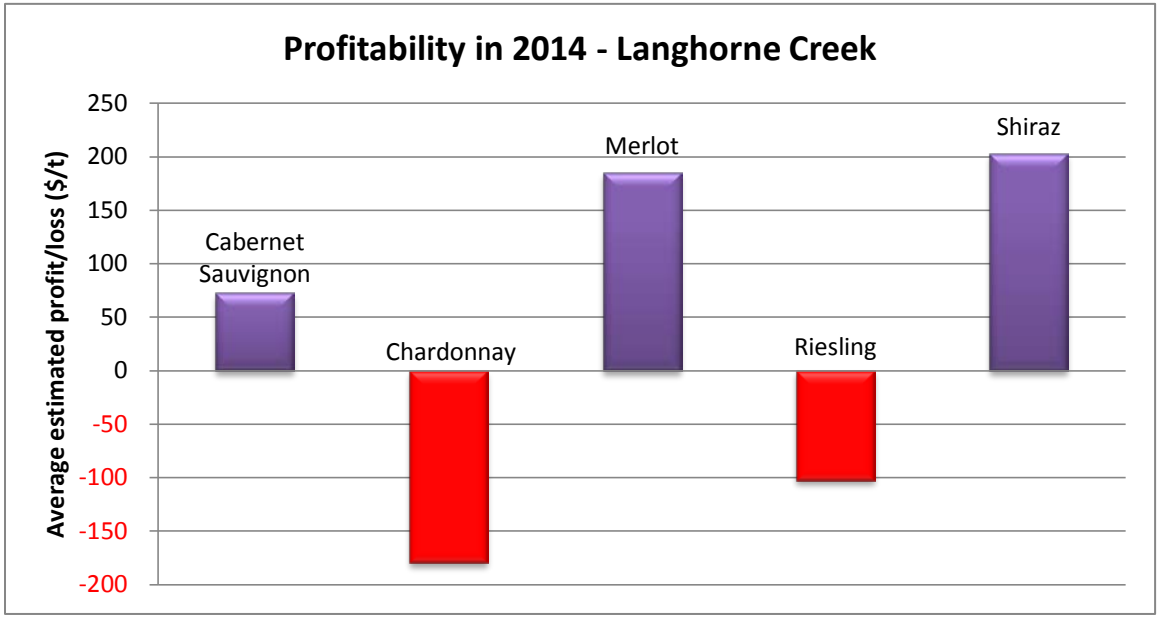
Regional report card - vintage 2014

Langhorne Creek

Wine Grape Council SA

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	8.6	$767	$6,596	$6,000	$624	$72	31%	8.1	$740	$27
Chardonnay	9.0	$490	$4,410	$6,000	-$1,610	-$180	91%	8.4	$713	-$223
Merlot	12.5	$665	$8,313	$6,000	$2,310	$185	7%	11.7	$512	$153
Riesling	9.2	$550	$5,060	$6,000	-$943	-$103	N/A	8.6	$696	-$146
Shiraz	8.6	$901	$7,749	$6,000	$1,738	$202	10%	8.1	$745	$156



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 6% up on five year average
- All major red varieties covered their estimated cash costs of production but the white varieties did not.
- Losses for white varieties were between $1,000 and $1,600 p/ha on average, while red varieties returned up to $2,300 p/ha above cash costs.
- Over 90% of Chardonnay was sold at below cost of production – whereas only 10% of Shiraz and 7% of Merlot was.

Looking ahead to 2015

- Based on average yields for the past five years, all the major red varieties would be expected to cover cash costs if the price paid was equal to the 2014 average price. The price required to cover average cash costs for Chardonnay is estimated to be around $700 per tonne compared with the 2014 average price of $490 per tonne.

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*