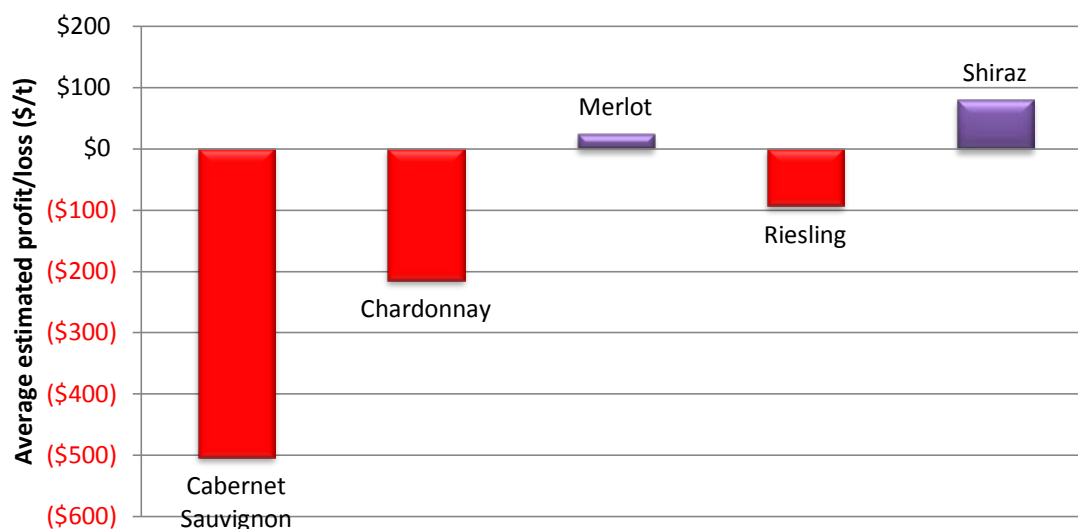




Profitability analysis by variety

	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	4.7	\$833	\$3,915	\$6,250	-\$2,352	-\$503	96%	5.3	\$1,182	-\$349
Chardonnay	9.2	\$462	\$4,250	\$6,250	-\$1,979	-\$214	94%	10.4	\$598	-\$136
Merlot	10.6	\$616	\$6,530	\$6,250	\$251	\$24	26%	11.9	\$524	\$92
Riesling	9.7	\$550	\$5,335	\$6,250	-\$908	-\$93	N/A	11.0	\$569	-\$19
Shiraz	7.6	\$898	\$6,825	\$6,250	\$608	\$80	35%	8.6	\$724	\$174

Profitability in 2015 - Langhorne Creek



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 down 13% on five year average
- ★ While the price for Cabernet Sauvignon increased slightly, yields were down by nearly half compared with 2014.
- ★ Gross return per hectare was lower than in 2014 for all varieties except Chardonnay.
- ★ Over 90% of Chardonnay and Cabernet were sold at below cost of production – compared with 35% of Shiraz and 26% of Merlot.

Looking ahead to 2016

- ★ Based on average yields for the past five years, only Merlot and Shiraz 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 Chardonnay is estimated to be around \$600 per tonne compared with the 2015 average price of \$460 per tonne.

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