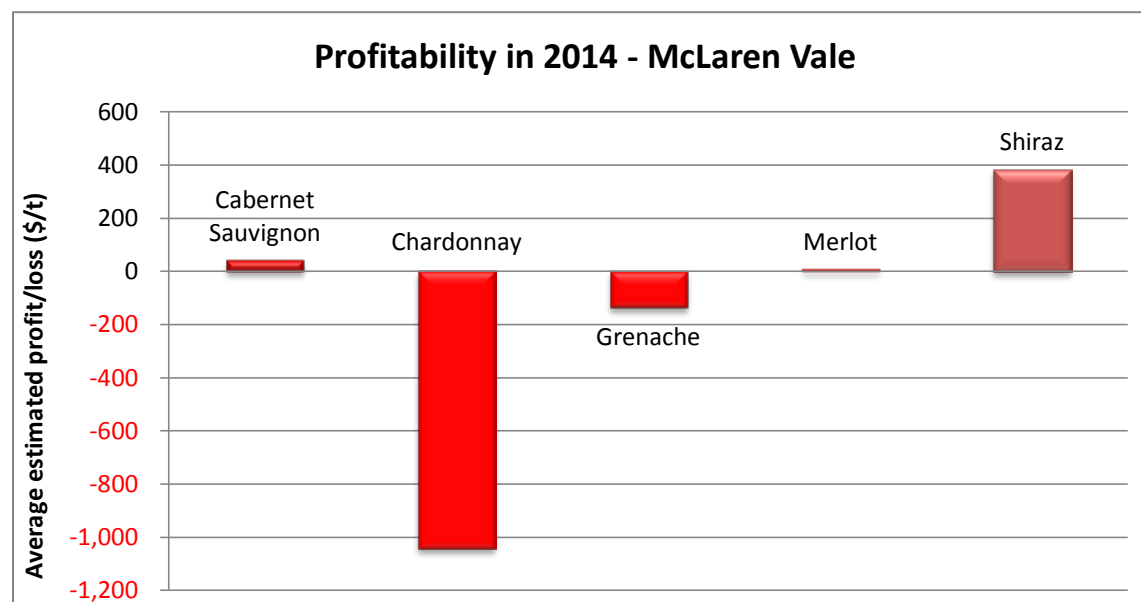




Profitability analysis by variety

	2014 Regional Harvest Outcomes						Planning for 2015			
	(A) Ave Yield t/ha*	(B) District Average price \$/t	(C) Gross \$/Ha (A x B)	(D) Est cost of production (COP) \$/Ha**	(E) Profit \$/Ha (C-D)	(F) Profit/Loss \$/t in 2014 B- (D ÷ A)	(G) % tonnes sold below COP***	(H) 5 year ave yield t/ha*	(I) Break even \$/t (D ÷ H)	(J) Difference: 2014 District average & break-even price (B - I)
Cab Sauvignon	5.1	\$1,364	\$6,956	\$6,750	\$225	\$44	52%	5.8	\$1,158	\$206
Chardonnay	4.2	\$559	\$2,348	\$6,750	-\$4,395	-\$1,043	100%	4.8	\$1,405	-\$846
Grenache	4.7	\$1,290	\$6,063	\$6,750	-\$647	-\$137	64%	5.4	\$1,252	\$38
Merlot	8.1	\$842	\$6,820	\$6,750	\$84	\$10	63%	9.2	\$730	\$112
Shiraz	5.3	\$1,659	\$8,793	\$6,750	\$2,031	\$384	30%	6.0	\$1,119	\$540



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 down 14% on five year average
- ★ Shiraz, Cabernet Sauvignon and Merlot covered their estimated cash costs of production but Chardonnay and Grenache did not.
- ★ Losses for Chardonnay were around \$4,400 p/ha on average, while Shiraz returned around \$2,000 above cash costs per hectare.
- ★ 100% of Chardonnay was sold at below cost of production and over 50% of all the other varieties except Shiraz (30% sold below cost of production).

Looking ahead to vintage 2015

- ★ Based on average yields for the past five years, all the major varieties except Chardonnay 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 \$1,400 per tonne compared with the 2014 average price of \$559 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