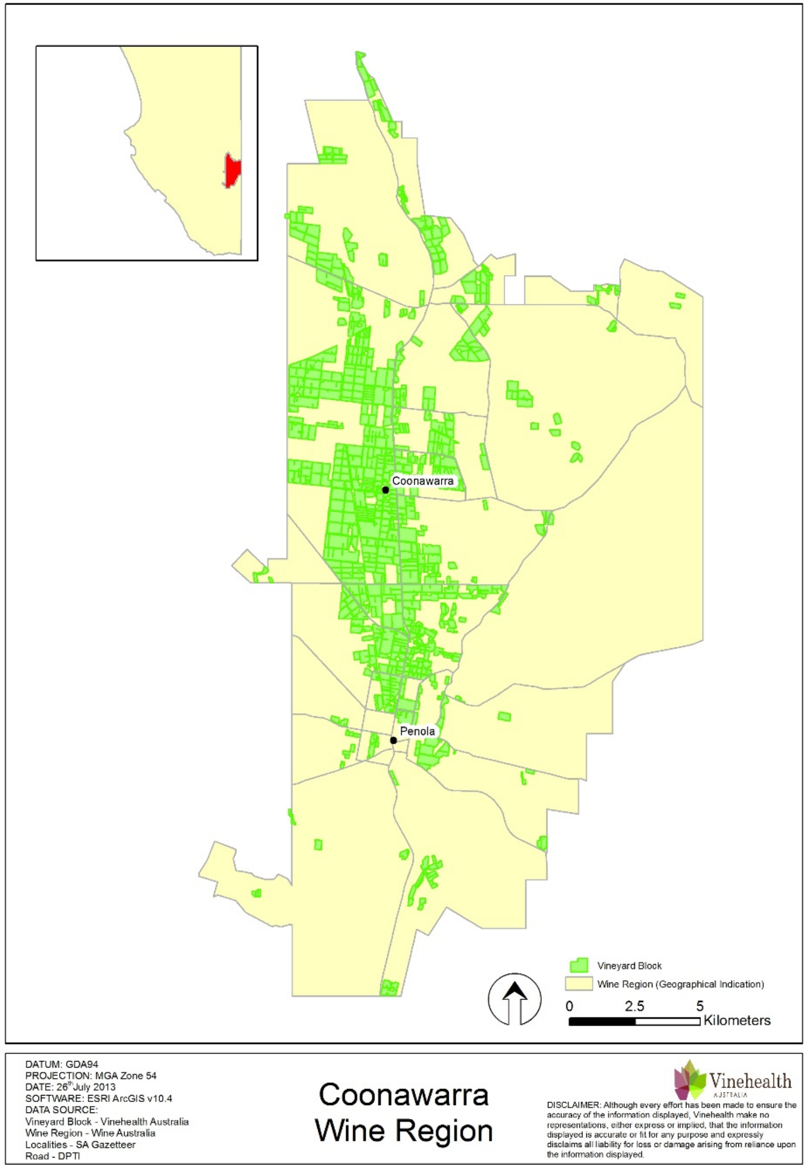


SA Winegrape Crush Survey

Regional Summary Report – 2016

Coonawarra Wine Region

Explanations and Definitions

INTAKE (CURRENT VINTAGE) DATA

Definition of regions

Regions have been defined in accordance with Geographical Indication (GI) boundaries. If a GI region has not been declared, or produces less than 5,000 tonnes, then the data is aggregated into the relevant GI zone. Disaggregation of data into smaller regions such as Southern Fleurieu and Mount Benson is available on request from Wine Australia.

Total crush

The total crushed is the total tonnes of grapes crushed from a particular source region, whether processed in that region, another region in SA or interstate. All wineries in Australia are included in the survey collection process. However, not all wineries respond to the survey - therefore the total tonnage reported may underestimate the true crush. It is estimated that the overall response rate for the survey is 90%; however, individual regions may vary. Reported fruit is separated into fruit produced from the winery's own or associated vineyards ("own grown") and from independent vineyards ("purchased").

Calculated average purchase value

The survey requests wineries to provide the total amount paid for each parcel of fruit purchased (or the price per tonne). This is the price paid for fruit of a particular variety at the point of receival – NOT including freight. It includes any penalties or bonuses (eg Baumé) applied at the weighbridge, but DOES NOT INCLUDE other bonuses or adjustments such as end use quality bonuses, which are not available at the time the survey is conducted (May 2016).

The calculated average purchase value per tonne is the average amount paid per tonne of fruit across all wineries. Winery grown grapes are not included in the calculation of average purchase value; nor are grapes grown by companies connected with the winery or under lease arrangements.

Important note on average purchase value

There is considerable variation in the pricing arrangements made by different wineries. For example, some wineries make adjustment payments based on the average value per tonne reported in this survey and some pay quality bonuses based on the end use of the product. These additional payments are not included in the reported figures. The average price also does not give any indication of the distribution of prices, or variables that go into individual contracts. Therefore the average price should not be compared directly with an individual grower's arrangement. It should also be noted that in minor varieties there may sometimes be very few purchases contributing towards a calculated average purchase value.

Price dispersion data (shaded columns in Intake Summary tables)

All purchases for each variety are grouped into categories according to the price paid for that fruit. The tonnes in each category are converted into a percentage of the total tonnes purchased, giving an indication of what share of fruit was purchased in each price range category. The categories are given nominal titles of A to E for convenience but these do not correspond with grades used by any particular winery.

Estimated total value of all grapes

The estimated total value of all grapes is calculated by multiplying the average purchase value per tonne by all tonnes crushed. If there is a variety where there are no purchases, then the average purchase value across all other varieties of the same colour in the same region is used to determine an estimated value for the own grown grapes.

Explanations and Definitions cont.

PLANTING DATA

Source of planting data tables

Planting data is not collected by the 2016 Australian Wine Sector Survey. The information is obtained from the vineyard register maintained by Vinehealth Australia (formerly the Phylloxera and Grape Industry Board of South Australia).

Vinehealth Australia is required under the Phylloxera and Grape Industry Act 1995 to maintain a complete and accurate register of grapegrowers in the state. All vineyard owners with more than 0.5 hectares are required by law to register with Vinehealth Australia, and to report details of their plantings on an annual basis. This information is kept strictly confidential.

Vineyard plantings are recorded by Geographical Indication. Planting details for smaller regions not included in the survey report are available on request from Vinehealth Australia.

For more information on registration of vineyards, please contact the Vinehealth Australia office on (08) 8273 0550.

Explanatory notes for planting data tables

1. Planting data tables are current as at April 2016 and include all plantings from the 2015 planting season.
2. Vines planted in a particular year may include topworked or replaced vines, as well as new plantings in virgin ground. Where vines have been replaced or topworked, the old variety record is removed. This explains why the area planted for earlier years may be different in the 2016 report compared with previous reports.
3. Where a zero (0) appears in a table, this may indicate the presence of a planting of less than 0.5 hectares, or it may indicate zero plantings. Rounding may produce a slight error in totals or percentages.

COONAWARRA

Vintage Overview

Vintage report

Vintage 2016 was early, with a warmer October advancing the whole season, such that flowering, veraison and harvest dates were all a couple of weeks early. However, despite the early season, the time taken for berry development and ripening was in line with normal, allowing adequate time for fruit to develop tannins and complexity.

November temperatures were warm, which was ideal as there were good flower numbers, and consequently grape numbers per bunch were above average and of even maturity. Yields were an increase on some previous years, but not excessive when managed appropriately.

A turning point in the season came with the cold 'Bonney Upwelling' at the coast in early January, which moderated temperatures from thereafter. February and March temperatures were mild, and the cold nights and warm days delivered an extended ripening period and very promising fruit across all varieties.

The growing season (Sept 2015 – March 2016) was drier than usual, delivering only half the normal rainfall. Vignerons in the region were required to manage available water resources carefully and refine irrigation strategies to conserve and optimise use of the groundwater. Careful irrigation is integral to maintaining leaf function and delivering varietal flavours for the region's winemakers.

Speaking of wine flavours, the region's whites are already showing fresh fruity flavours, while the reds are revealing outstanding colour and tannins. The cooler finish allowed a longer hang time which is contributing to rich medium bodied Cabernet and Shiraz wines with good fruit definition.

Allen Jenkins – President, Coonawarra Grape and Wine Incorporated.

Overview of vintage statistics

A total of 35,497 tonnes of Coonawarra winegrapes were crushed in 2016, up from 27,137 tonnes in 2015.

Over the past five years, the average crush of Coonawarra fruit is 28,867 tonnes. The largest crush was the 2016 crush while the smallest in the period was 23,480 tonnes in 2014.

The total value of winegrapes increased by nearly $12 million from $35.6 million to $47.4 million due to higher yields and higher average prices. The average price of the major varieties increased in the 2016 vintage despite the higher yields. Cabernet Sauvignon increased by $28 to $1548 per tonne, Shiraz increased by $26 to $1,307 per tonne and Merlot increased by $57 to $881 per tonne but Chardonnay declined by $82 to $554 per tonne. NB These increases came after significant decreases in average price in 2015.

The price dispersion data shows that 55% of Cabernet Sauvignon tonnes were purchased at between $600 and $1500, while 46% were purchased at over $1500. For Shiraz, 86% was purchased between $600 and $1500 and 13% at above $1500. On the other hand, in the white varieties more than 50% of fruit was purchased at below $600 per tonne.

There were 77 hectares of new vines planted in Coonawarra in the 2015-16 season, after 182 ha the previous year. This year there was more new Shiraz planted (39ha) than Cabernet Sauvignon (31 hectares). The total area in the region increased slightly (52 ha) – against a trend of decline in net area in most of the SA regions.

COONAWARRA

Winegrape intake summary – vintage 2016

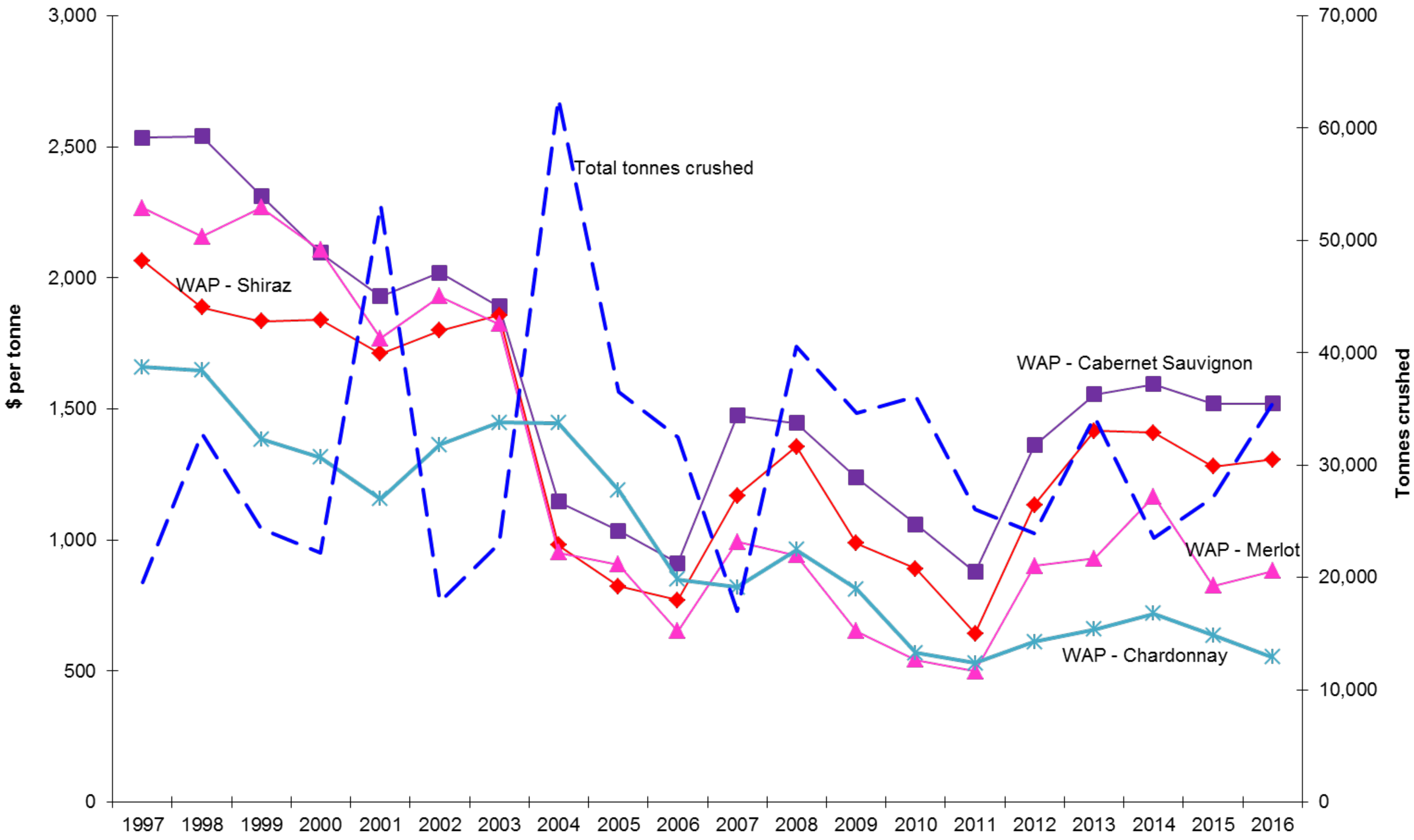
Variety	Tonnes purchased	E[1] (less than $300)	D ($300-$600)	C ($600-$1,500)	B ($1,500-$2,000)	A (above $2,000)	Total value purchased	Calc avg. purch. value per tonne	Winery grown fruit	Total crushed[2]	Est total value ALL grapes
Cabernet Sauvignon	8,994	0%	0%	55%	25%	21%	$13,921,139	$1,548	11,250	20,244	$31,335,411
Malbec	-	na	na	na	na	na	$0		96	96	$143,059
Merlot	313	0%	35%	65%	0%	0%	$275,762	$881	1,692	2,006	$1,766,325
Petit Verdot	-	na	na	na	na	na	$0		232	232	$344,868
Ruby Cabernet	-	na	na	na	na	na	$0		4	4	$5,716
Shiraz	2,029	0%	0%	86%	9%	4%	$2,652,490	$1,307	6,024	8,052	$10,527,865
Tempranillo	-	na	na	na	na	na	$0		2	2	$3,356
Other red	58	0%	0%	100%	0%	0%	$67,020	$1,160	352	409	$474,978
Red Total	11,393	0%	1%	61%	21%	17%	$16,916,411	$1,485	19,653	31,046	$44,601,578
Chardonnay	395	0%	73%	27%	0%	0%	$218,794	$554	2,417	2,812	$1,557,838
Palomino and Pedro Ximenes	-	na	na	na	na	na	$0		8	8	$4,486
Pinot Gris and Pinot Grigio	-	na	na	na	na	na	$0		11	11	$6,622
Sauvignon blanc	124	0%	0%	100%	0%	0%	$83,562	$675	692	816	$550,761
Semillon	-	na	na	na	na	na	$0		145	145	$86,159
Other white	21	na	na	na	na	na	$18,071	$850	639	660	$560,902
White Total	540	0%	54%	46%	0%	0%	$320,427	$593	3,912	4,452	$2,766,769
Grand Total	11,933	0%	3%	60%	20%	16%	$17,236,838	$1,444	23,564	35,497	$47,368,347

1 Percentages reflect pricing grade's share of purchases for each variety

2 It is estimated that the non-response rate (NRR) nationally is 10%, however the NRR will vary for each region. Generally, regions will have a lower NRR when there is a high proportion of purchased winegrapes within the region

COONAWARRA

Historical Weighted Average Price vs tonnes crushed



COONAWARRA **Current plantings by variety and year planted**

Source: Vinehealth Australia

Variety	Current area in hectares Pre-2013	2013	2014	2015	Total area	% planted in 2015
Red winegrapes						
Cabernet Franc	28	0	0	0	28	0%
Cabernet Sauvignon	3,368	101	144	31	3,643	1%
Malbec	17	1	0	0	18	0%
Merlot	359	3	0	8	369	2%
Other Red	7	0	0	0	7	0%
Petit Verdot	18	0	0	0	18	0%
Pinot Noir	42	0	0	0	42	0%
Shiraz	1,132	13	39	39	1,222	3%
Total red varieties	**4,970**	**118**	**182**	**77**	**5,347**	**1%**
White winegrapes						
Chardonnay	273	0	0	0	273	0%
Other White	7	0	0	0	7	0%
Riesling	72	0	0	0	72	0%
Sauvignon Blanc	99	0	0	0	99	0%
Semillon	12	0	0	0	12	0%
Traminer (Gewurztraminer)	2	0	0	0	2	0%
Viognier	2	0	0	0	2	0%
Total white varieties	**467**	**0**	**0**	**0**	**467**	**0%**
Unknown variety	9	0	0	0	9	0%
Total all varieties	**5,446**	**118**	**182**	**77**	**5,823**	**1%**