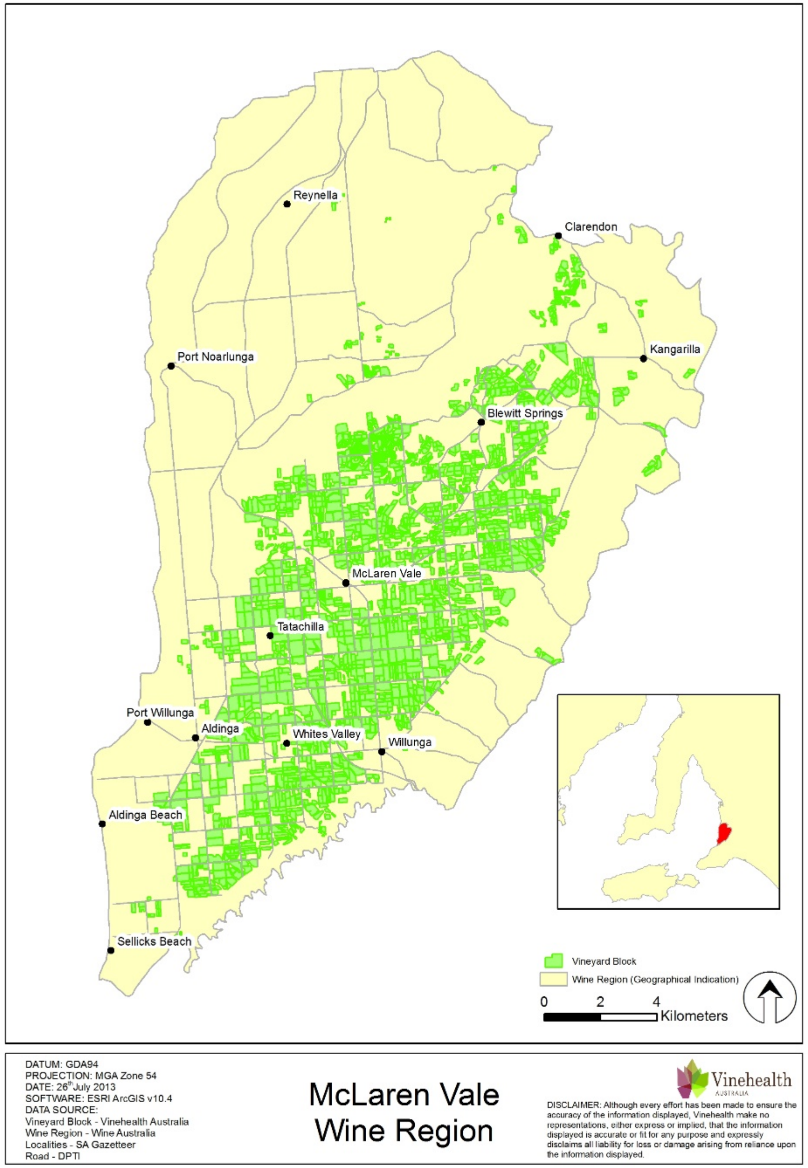


SA Winegrape Crush Survey

Regional Summary Report – 2016

McLaren Vale 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.

MCLAREN VALE

Vintage Overview

Vintage report

Vintage 2016 will be remembered for a warm and dry spring, which promoted shoot growth and flowering, followed up by heavy rain immediately before harvest which helped boost vineyard yields. At harvest vines produced some of the bigger crops we have seen since 2004, but they generally weren't overcropped as vine growth was balanced.

The warm spring and early summer days and nights ensured that vines grew well and then set well.

The 2015/16 growing season had some similarities with the lean 2006/07 and 2007/08 seasons. In all three, growing season rainfall was less than 50% of the long term average. Overall, rainfall for winter was lower than average, due to a dry June 2015, and this was followed by long dry periods where no effective rain fell until the first week of February. Disease pressure was generally low due to the long dry periods, following on from dry 2013 and 2014 springs as well.

Irrigation application was vital to crop health and the local recycled water system, that supplies 45-50% of the region's irrigation water, was stretched. Rationing of this water source was flagged in January but fortunately full allocations were maintained. Growers were able to compensate for the shortfall in rainfall with improved irrigation techniques and an uninterrupted supply.

White grape harvest started at the end of January, with sparkling base wines and vineyards destined for light white wine styles.

At the beginning of February, immediately before the bulk of the region was to be harvested, McLaren Vale had double its average monthly rainfall over two days due to one storm. However, far from having a negative effect, the intense rain event increased the bunch weight of crops at harvest and relieved any water stress on the vines. The rain also delayed the start of red grape picking into the middle of February. March had above average rainfall, but fortunately this fell after a high percentage of harvest was complete. Powdery Mildew flared up and Botrytis increased but only on the latest picked fruit.

James Hook – Editor, McLaren Vale Grape Wine & Tourism Crop Watch

Overview of vintage statistics

The reported harvest from McLaren Vale was 40,997 tonnes in 2016, 12,000 tonnes above the 2015 harvest and 21% above the five year average crush.

Over the past five years, the average crush has been 33,901 tonnes. This year's vintage was the largest in the past five years with the smallest being the 2015 harvest at 28,434 tonnes. (This may have been partly attributable to a low regional response rate.)

The total estimated value of the fruit was $65.7 million, reflecting the increased tonnage and a small rise in the average value of the fruit. The average price of Cabernet Sauvignon increased by $158 to $1529 per tonne, its highest average price since 2003, while the price of Chardonnay and Shiraz were similar to last year – consolidating big jumps in their respective average price in 2015.

The price dispersion data shows that 65% of red fruit was purchased at over $1500, compared with 45% in 2015. For the whites, 54% was purchased between $600 and $1500 and only 6% at above $1500.

There were 43 hectares of new plantings in McLaren Vale in spring 2015, compared with 123 hectares in 2014. All were red varieties, with over half being Shiraz. There was a net decrease in area of 111 hectares.

MCLAREN VALE

Winegrape intake summary – vintage 2016

Red varieties

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
Barbera	43	0%	0%	0%	100%	0%	$68,352	$1,573	5	49	$76,435
Cabernet Franc	59	0%	0%	93%	5%	2%	$70,520	$1,196	5	64	$76,646
Cabernet Sauvignon	4,142	0%	0%	67%	22%	12%	$6,334,622	$1,529	3,213	7,355	$11,248,232
Grenache	1,018	0%	1%	44%	31%	23%	$1,648,753	$1,620	789	1,806	$2,926,278
Malbec	22	0%	0%	94%	5%	1%	$28,301	$1,288	31	53	$68,352
Mataro	300	0%	0%	31%	45%	24%	$494,572	$1,650	168	468	$772,415
Merlot	670	0%	0%	86%	14%	0%	$650,740	$972	513	1,183	$1,149,388
Nero D'Avola	19	0%	0%	32%	58%	11%	$31,881	$1,718	45	64	$109,071
Petit Verdot	122	0%	0%	90%	9%	1%	$116,601	$955	136	258	$246,467
Pinot Noir	342	0%	1%	99%	0%	0%	$285,714	$834	38	380	$317,334
Sangiovese	139	0%	0%	28%	72%	0%	$207,232	$1,489	232	371	$552,571
Shiraz	15,498	0%	1%	22%	50%	27%	$27,942,907	$1,803	8,631	24,129	$43,503,830
Tempranillo	208	0%	0%	26%	50%	24%	$365,457	$1,755	98	307	$538,174
Other red	160	0%	0%	6%	35%	59%	$315,861	$1,978	184	343	$679,277
Red Total	22,742	0%	1%	35%	42%	23%	$38,561,513	$1,696	14,088	36,830	$62,264,470

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

MCLAREN VALE

Winegrape intake summary – vintage 2016

White varieties

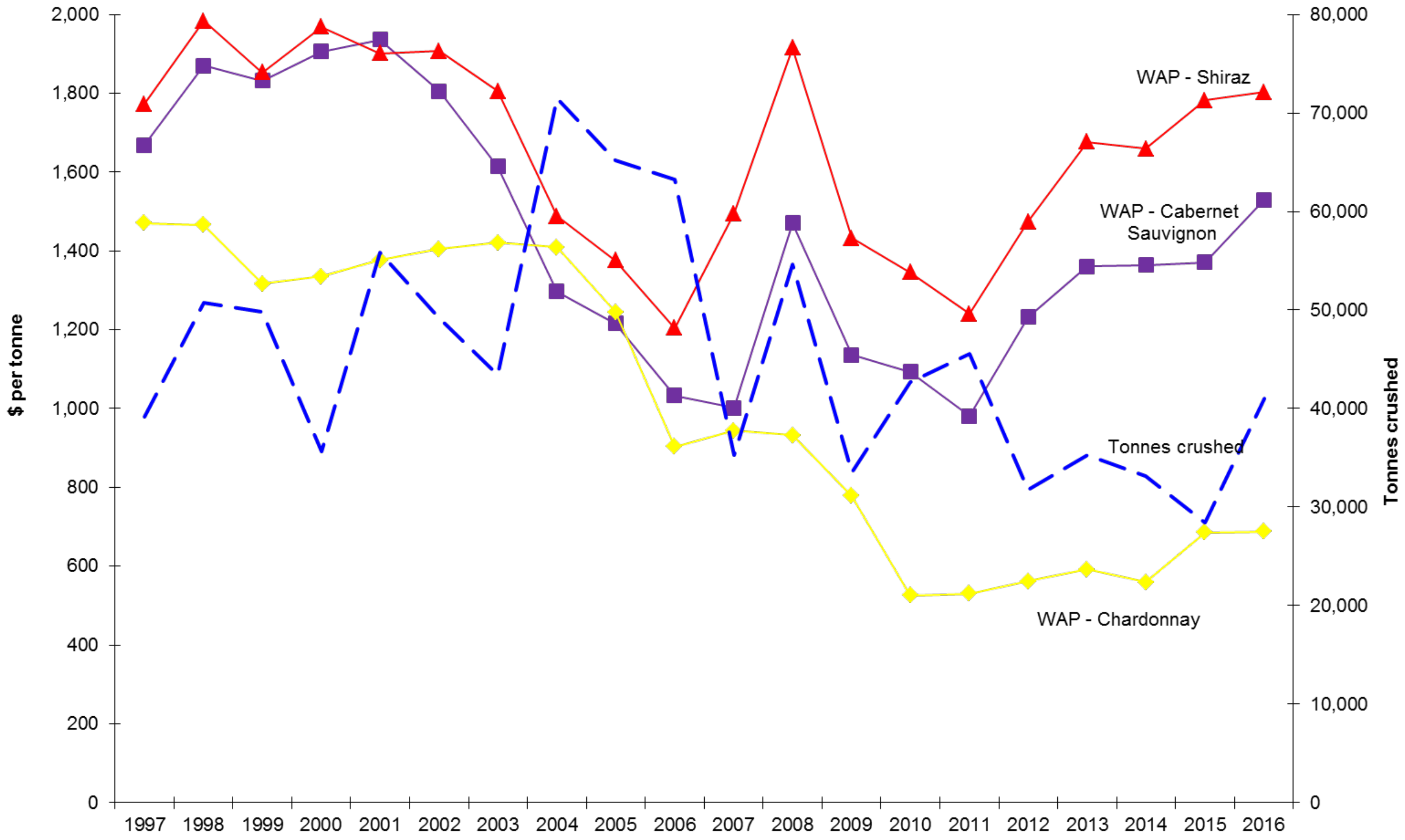
Variety	Tonnes purchased	E [1] (less than $300)	D ($300-$600)	C ($600-$1,500)	B ($1,500-$2,000)	A (above $2,000)	Total value purchased	Calc avg. purch. value per tonne	Winery grown fruit	Total crushed[2]	Est total value ALL grapes
Chardonnay	1,981	2%	51%	46%	1%	0%	$1,362,153	$688	466	2,448	$1,682,876
Chenin blanc	53	0%	0%	100%	0%	0%	$57,838	$1,100	39	92	$101,255
Marsanne	47	0%	0%	100%	0%	0%	$47,901	$1,014	34	81	$81,972
Muscat a Petit Grains blanc	52	0%	0%	33%	67%	0%	$69,102	$1,330	3	55	$73,572
Palomino and Pedro Ximenes	-	na	na	na	na	na	$0		33	33	$27,007
Riesling	100	0%	0%	100%	0%	0%	$109,100	$1,091	35	135	$147,055
Sauvignon blanc	159	0%	23%	77%	0%	0%	$115,940	$729	194	353	$257,469
Semillon	40	0%	34%	65%	0%	2%	$26,630	$661	175	215	$142,309
Verdelho	68	0%	0%	100%	0%	0%	$93,220	$1,367	11	79	$108,396
Viognier	178	0%	8%	80%	7%	5%	$198,760	$1,117	113	291	$324,927
Other white	195	0%	0%	42%	57%	1%	$254,257	$1,302	189	384	$500,357
White Total	2,874	2%	37%	54%	6%	0%	$2,334,900	$812	1,293	4,167	$3,447,194
Grand Total	25,616	0%	5%	37%	38%	20%	$40,896,413	$1,597	15,381	40,997	$65,711,664

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

MCLAREN VALE

Historical Weighted Average Price vs tonnes crushed



MCLAREN VALE

Current plantings by variety and year planted

Variety	Pre-2013	2013	2014	2015	Total area	% planted in 2015
	Current area in hectares					
Red winegrapes						
Barbera	10	1	0	0	12	0%
Cabernet Franc	27	0	0	0	27	0%
Cabernet Sauvignon	1,257	14	21	12	1,304	1%
Grenache	451	5	2	1	459	0%
Mataro (Mourvedre)	71	5	6	2	84	2%
Merlot	236	0	0	0	236	0%
Other Red	77	7	6	1	91	1%
Petit Verdot	47	0	0	0	47	0%
Pinot Noir	57	0	0	0	57	0%
Sangiovese	54	0	0	0	54	0%
Shiraz	3,807	61	84	25	3,978	1%
Tempranillo	57	3	0	2	62	3%
Total red varieties	**6,151**	**97**	**120**	**43**	**6,410**	**1%**
White winegrapes						
Chardonnay	391	0	2	0	394	0%
Chenin Blanc	18	0	0	0	18	0%
Marsanne	12	0	0	0	12	0%
Muscat A Petit Grains Blanc (White Frontignac)	12	0	0	0	12	0%
Other White	47	2	0	0	49	0%
Pinot Gris	20	0	0	0	20	0%
Riesling	34	0	0	0	34	0%
Sauvignon Blanc	82	0	0	0	82	0%
Semillon	42	0	0	0	42	0%
Verdelho	19	0	0	0	19	0%
Viognier	58	0	0	0	58	0%
Total white varieties	**733**	**2**	**3**	**0**	**740**	**0%**
Rootstock Block	4	0	0	0	4	0%
Unknown variety	198	0	0	0	198	0%
Total all varieties	**7,088**	**99**	**123**	**43**	**7,353**	**1%**

Source:
Vinehealth Australia