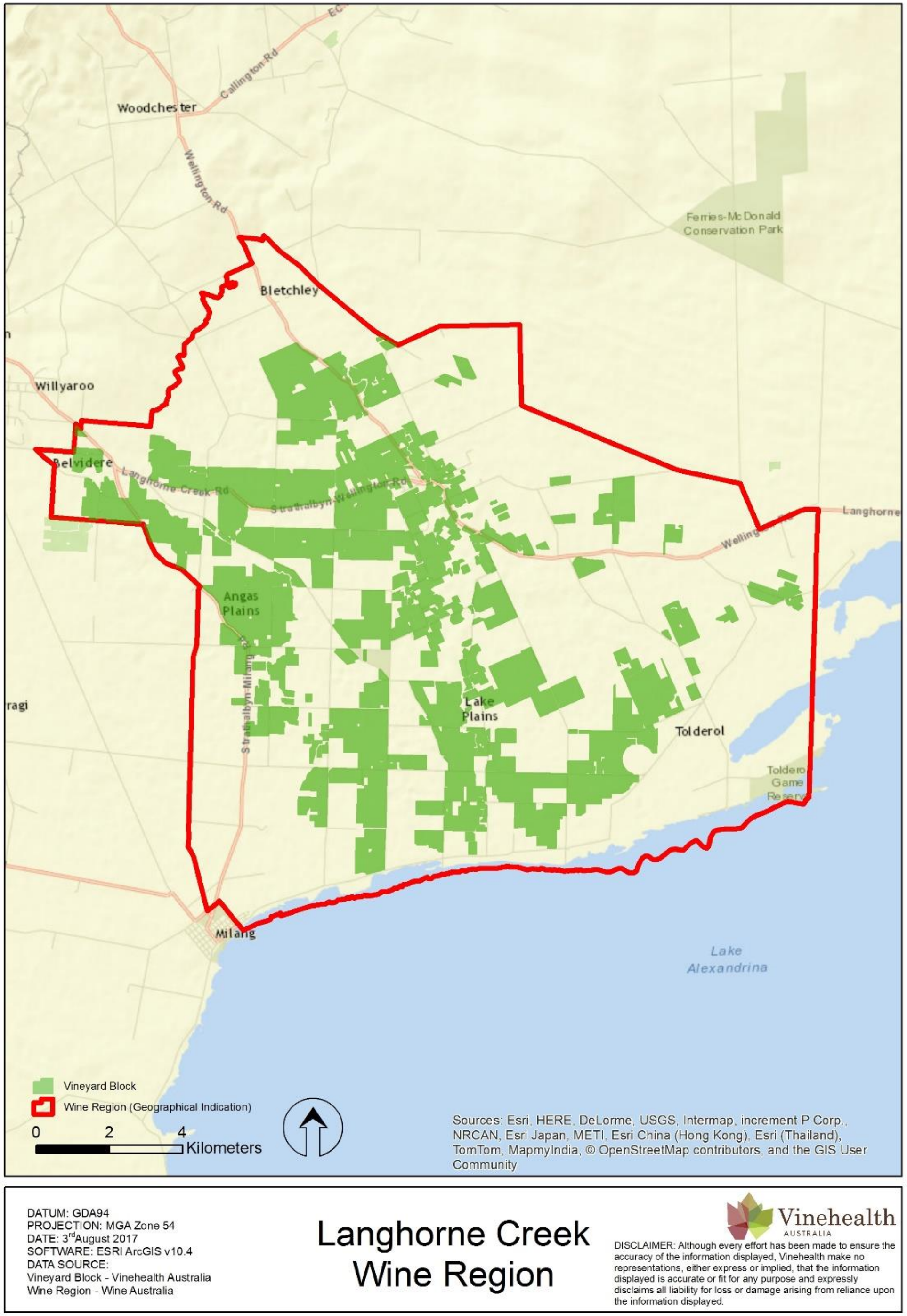


SA Winegrape Crush Survey

Regional Summary Report 2017

Langhorne Creek Wine Region

Wine Australia July 2017

Langhorne Creek

Vintage overview

VINTAGE REPORT

The Langhorne Creek wine region experienced a long, slow vintage in 2017, beginning with high winter and spring rainfall leading into an extended, cool ripening phase.

Reminiscent of long-past vintages, the grape harvest for 2017 kicked off a good two weeks later than the previous year in Langhorne Creek, with fruit for sparkling base reaching wineries in mid-February. Whites followed in the last week of February, with reds not hitting their stride until late March (near on a month later). The final harvesters did not retire until the first week of May.

The season was set with excellent soil moisture profiles from the early rains. Moisture throughout spring called for tight disease management. A late December flood kept growers alert on the oldest parts of the central flood plain of the region. Consequently fruit was not taken from some of these areas. Counter to this, the majority of the region revelled in the long slow and moderate ripening conditions and also the relatively civilised timing afforded to harvesting and winery logistics by the more relaxed pace of vintage. It has been noted as a vintage where 'sub-regional variation' has driven quality above variety.

The high spring rainfall resulted in improved nutrient levels in vines which translated to healthy ferments with moderate alcohol levels and natural acidity. Yields across most of the region have been average to slightly above average, with lower yields on the heavier soils.

Word is that Cabernet Sauvignon, Shiraz, Malbec and Petit Verdot are showing excellent quality in the wineries and whites have been a highlight with fantastic flavour development at lower baumes, thanks to the long, cool ripening period. Verdelho, Fiano and Vermentino have been described as exceptional with 'punchy varietal notes'.

Lian Jaensch, Langhorne Creek Wine

OVERVIEW OF VINTAGE STATISTICS

The harvest from the Langhorne Creek region in 2017 was 59,141 tonnes, slightly down on the 2016 harvest of 60,119 tonnes.

Over the past five years, the average crush for Langhorne Creek has been 50,750 tonnes. This year's vintage was 17% above the average and the second highest since 2008. The lowest in the past five years was 23,480 tonnes in 2014.

The value of fruit from the region was estimated to be nearly $46 million, the same as 2016 with an increase in average purchase prices offsetting the lower crush. There were mixed results in the weighted average purchase price for the major two red varieties. Shiraz increased 3% to $882 per tonne while Cabernet Sauvignon decreased by 3% to $754 per tonne. The major white, Chardonnay, saw an increase of 2% to $522 per tonne.

The price dispersion data shows that 91% of red tonnages were purchased at between $600 and $1500, while for the whites, 47% were purchased between $600 and $1500 and 49% between $300 and $600.

There were 22 hectares of new plantings in Langhorne Creek in the 2016, compared with 21 hectares the previous year. Half the new plantings were Shiraz.

Langhorne Creek

Winegrape intake summary table - red

Variety	Tonnes purchased	E (less than $300)	D ($300-$600)	C ($600-$1,500)	B ($1,500-$2,000)	A (above $2000)	Total value purchased	Calc avg. purch value per tonnes	Change in price YoY	Winery grown fruit	Share of own grown	Total crushed	Est total value ALL grapes
Red													
Cabernet Franc	5									4	43%	9	$5,400
Cabernet Sauvignon	10961	6%	9%	85%	0%	0%	$8,260,680	$754	-3%	7994	42%	18956	$14,285,348
Dolcetto	4									5	55%	10	$11,424
Durif										152	100%	152	$122,908
Grenache	103			100%			$68,887	$667	5%	887	90%	991	$660,852
Lagrein	11											11	$11,160
Malbec	730	0%		100%			$689,188	$944	-1%	129	15%	859	$811,307
Mataro/Mourvedre	15											15	$9,955
Merlot	2812	0%	8%	92%			$1,961,923	$698	6%	2374	46%	5185	$3,617,960
Montepulciano										13	100%	13	$10,486
Petit Verdot	5			100%			$2,769	$600	0%	72	94%	77	$46,221
Pinot Noir	784		10%	90%			$568,236	$725	3%	728	48%	1512	$1,096,284
Sangiovese										25	100%	25	$19,858
Shiraz	11530	2%	1%	96%	0%	1%	$10,171,060	$882	3%	11052	49%	22582	$19,920,814
Other red	14											14	$21,593
Total red	**26974**	**3%**	**5%**	**91%**	**0%**	**1%**	**$21,773,647**	**$807**	**0%**	**23436**	**46%**	**50410**	**$40,651,569**

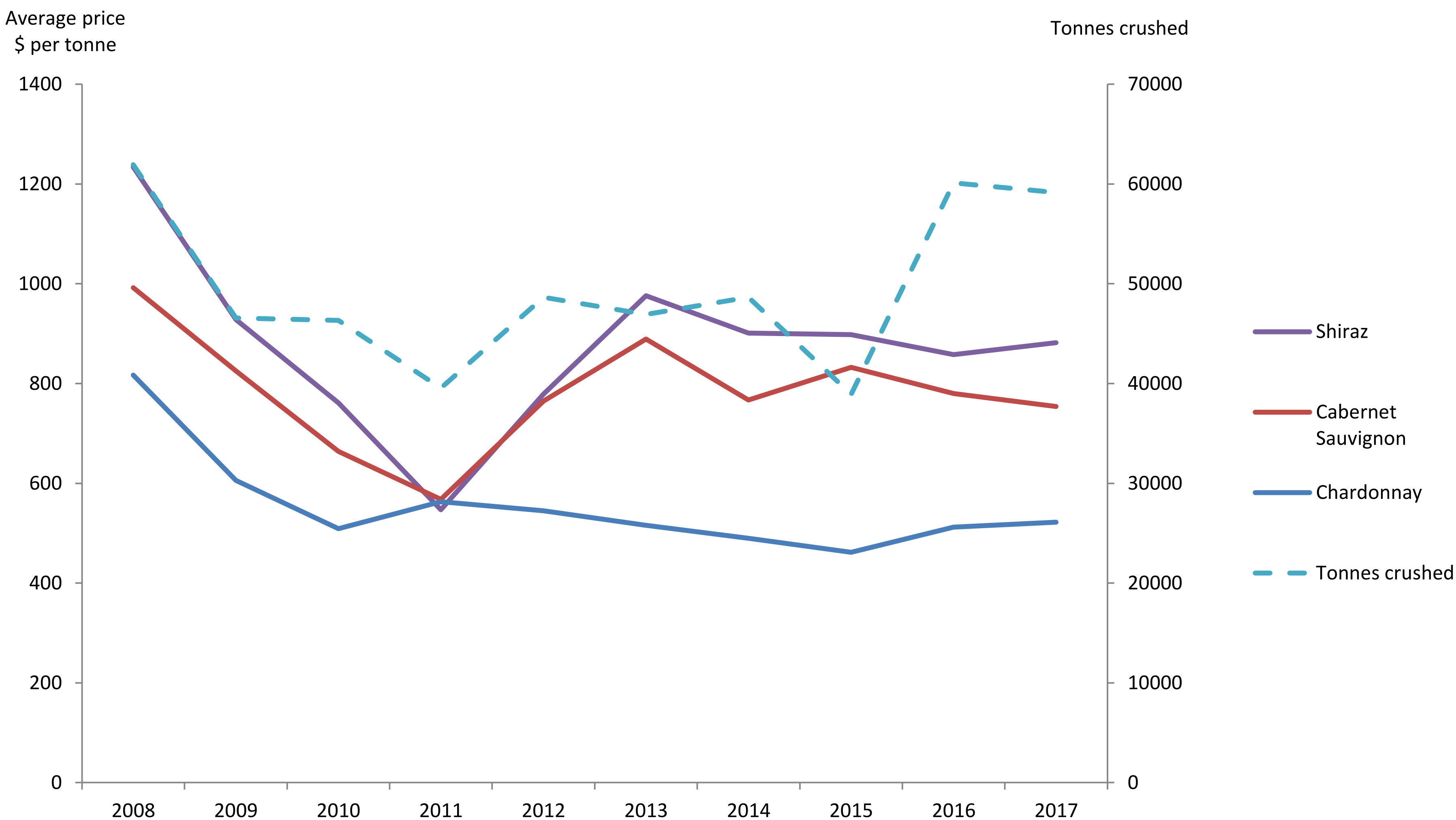
Langhorne Creek

Winegrape intake summary table - white

Variety	Tonnes purchased	E (less than $300)	D ($300-$600)	C ($600-$1,500)	B ($1,500-$2,000)	A (above $2000)	Total value purchased	Calc avg. purch value per tonnes	Change in price YoY	Winery grown fruit	Share of own grown	Total crushed	Est total value ALL grapes
White													
Chardonnay	2973	6%	68%	26%			$1,551,188	$522	2%	1028	26%	4001	$2,087,636
Chenin blanc										15	100%	15	$9,164
Fiano	7									11	59%	18	$27,270
Gewurztraminer										299	100%	299	$182,912
Muscat a Petit Grains Blanc										24	100%	24	$14,479
Pinot Gris/Grigio	530			100%			$515,714	$973	4%	121	19%	651	$633,004
Riesling	135									2004	94%	2139	$1,283,418
Sauvignon Blanc	947		27%	73%			$642,611	$679	-7%	574	38%	1521	$1,032,420
Semillon										2	100%	2	$1,222
Verdelho										25	100%	25	$15,124
Vermentino										9	100%	9	$5,193
Viognier										25	100%	25	$15,029
Other white	4											4	$6,125
Total white	**4595**	**4%**	**49%**	**47%**	**0%**		**$2,807,480**	**$611**	**4%**	**4136**	**47%**	**8732**	**$5,312,995**
Total all varieties	**31569**	**3%**	**12%**	**84%**	**0%**	**0%**	**$24,581,127**	**$779**	**2%**	**27572**	**47%**	**59141**	**$45,964,564**

Langhorne Creek

Historical weighted average price vs tonnes crushed



Langhorne Creek

Current plantings by variety and year planted

Current area in hectares

Variety	Pre-2014	2014	2015	2016	Total area	% planted in 2016
Red winegrapes						
Cabernet Franc	8	0	0	0	8	0%
Cabernet Sauvignon	1,863	29	2	2	1,897	0%
Dolcetto	11	0	0	0	11	0%
Grenache	78	0	0	0	78	0%
Lagrein	10	0	0	0	10	0%
Malbec	64	28	3	0	95	0%
Merlot	371	0	0	0	371	0%
Nebbiolo	8	0	0	0	8	0%
Other Red	133	9	5	5	152	3%
Petit Verdot	13	0	0	0	13	0%
Sangiovese	30	0	0	0	30	0%
Shiraz	2,183	15	5	11	2,214	0%
Total red varieties	**4,773**	**81**	**16**	**18**	**4,888**	**0%**
White winegrapes						
Chardonnay	540	0	0	0	540	0%
Other White	18	0	0	0	18	0%
Pinot Gris	39	0	5	4	48	8%
Riesling	162	0	0	0	162	0%
Sauvignon Blanc	64	0	0	0	64	0%
Semillon	4	0	0	0	4	0%
Traminer (Gewurztraminer)	15	0	0	0	15	0%
Verdelho	41	0	0	0	41	0%
Viognier	16	0	0	0	16	0%
Total white varieties	**899**	**0**	**5**	**4**	**907**	**0%**
Rootstock Block	6	0	0	0	6	0%
Unknown variety	50	0	0	0	50	0%
Total all varieties	**5,728**	**81**	**21**	**22**	**5,852**	**0%**

Source: Vinehealth Australia

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 88%; however, individual regions may vary. Generally, regions will have a higher response rate when there is a high proportion of purchased winegrapes within the region

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 2017).

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. 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.d

PLANTING DATA

Source of planting data tables

Planting data is not collected by the 2017 Australian Wine Sector Survey. The information is obtained from the vineyard register maintained by Vinehealth Australia.

Vinehealth Australia is required under the *Phylloxera and Grape Industry Act 1995* to maintain a complete and accurate register of vineyard owners in the state. Vineyard owners with plantings of 0.5 hectares or more are required to register with Vinehealth Australia, and provide details of any changes made to these vineyard plantings within three months of any such change. 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 2017 and include all plantings from the 2016 planting season.
2. Vines planted in a particular year may include top-worked 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 2017 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 slight variations between tables.

AUSTRALIAN WINE SECTOR SURVEY

The information for this report has been collected and analysed by Wine Australia as part of the Australian Wine Sector Survey. The SA Winegrape Crush Survey Report has been prepared by Wine Australia on behalf of the South Australian Wine Industry Association, Wine Grape Growers South Australia and Primary Industries and Regions SA.

Maps and planting data tables provided by Brendan Tully, Vinehealth Australia.

The survey publication is available on Wine Australia's website wineaustralia.com, the Vinehealth Australia website vinehealth.com.au and via links from the Wine Grape Council SA website wgcsa.com.au and the South Australian Wine Industry Association website winesa.com.au

Disclaimer

This information has been made available to assist on the understanding that Wine Australia is not rendering professional advice. Wine Australia does not accept responsibility for the results of any actions taken on the basis of the information contained in this report, nor for the accuracy, currency or completeness of any material contained in it. Wine Australia expressly disclaims all and any liability and responsibility to any person in respect of consequences of anything done in respect of reliance, whether wholly or in part, upon this report.

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