

# 2004 WFA VINTAGE REPORT

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## Winegrape Intake Soars to 1.86 million tonnes

The Australian wine industry achieved a record vintage in 2004, with an estimated crush of 1.86 million tonnes – 40% more than the drought affected 2003 vintage and 23% more than the previous record vintage of 1.51 million tonnes in 2002.

Increased crop levels were recorded across almost all varieties, with bearing areas up around 5% on 2003 and above average yields in virtually all parts of Australia.

Red winegrape production increased by 293,000 tonnes to 1.07 million tonnes (surpassing 1 million tonnes for the first time) and accounted for 57% of total production.

Specialist white winegrape production (ie. excluding the multipurpose varieties of Sultana, Muscat Gordo Blanco and Waltham Cross) increased by 196,000 tonnes to 672,000 tonnes (representing 36% of total production).

The substantial increase in red winegrapes will provide both a challenge and opportunity for the industry's export sales program. The aggravated supply position relates primarily to cool climate production with the intake of warm climate red winegrapes considered to be more balanced with domestic and export demand for branded products at 'popular premium' price points.

The increased intake of white winegrapes will assist in alleviating the shortage of some premium white varieties, especially chardonnay, and a more balanced position is expected for most regions.

## Grape Quality

Good winter rainfalls and favourable weather conditions during spring and summer have delivered a disease free vintage of 'above average' to 'outstanding' quality across all regions.

One of the longest vintages in recent times, the dry, warm and stable conditions boosted red winegrape production in particular.

Both warm and cool climate regions exceeded quality and yield expectations in 2004.

## Red Intake up 38% to 1.07 million tonnes

### Red Varieties

Production of the top two specialist red varieties – Shiraz and Cabernet Sauvignon – increased by 43% and 41% respectively on the 2003 vintage.

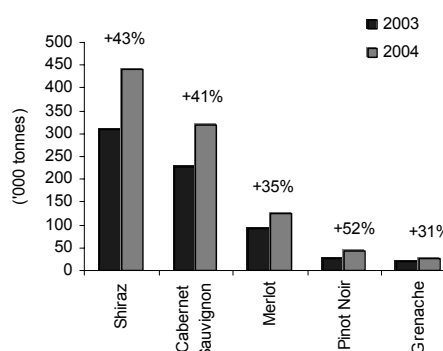
Shiraz production increased by 133,000 tonnes to 442,000 tonnes to maintain its dominance as Australia's largest volume winegrape variety, accounting for 24% of total production.

Cabernet Sauvignon production increased by 92,000 tonnes to 317,000 tonnes, accounting for 17% of total production.

Merlot production increased by 35% to 125,000 tonnes, representing 7% of the total winegrape crush.

Pinot Noir recorded a 52% increase on 2003, with production rising to 42,000 tonnes while Grenache production rose by 31% in 2004 to 26,000 tonnes.

### RED VARIETIES WINEGRAPE PRODUCTION



## White Intake up 43% to 794,000 tonnes

### Specialist White Varieties

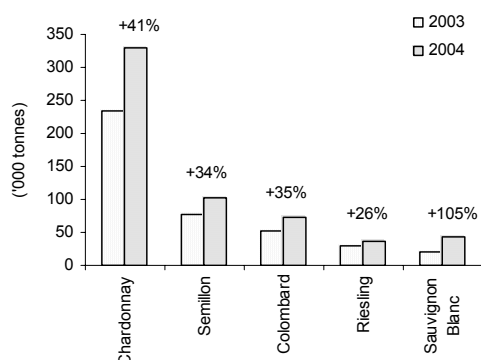
Chardonnay recorded an increase of 95,000 tonnes to 329,000 tonnes compared to 2003, representing 18% of the total winegrape production.

Semillon was up by 34% or 26,000 tonnes to 103,000 tonnes compared to 2003.

Colombard also contributed to the vintage increase, with production up from 53,000 tonnes in 2003 to 72,000 tonnes in 2004.

Riesling intake increased by 26% to 37,000 tonnes, but was overtaken by Sauvignon Blanc production which doubled to 43,000 tonnes.

## SPECIALIST WHITE VARIETIES WINEGRAPE PRODUCTION



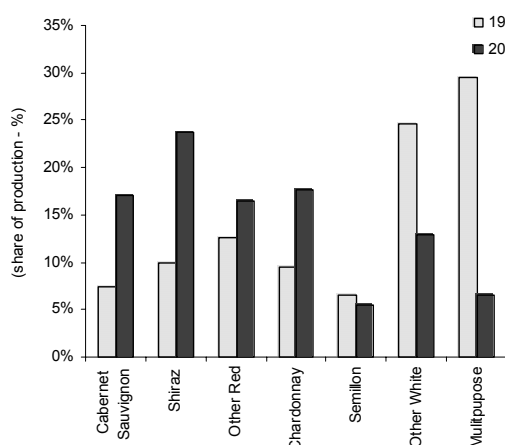
### Multipurpose

The production of multipurpose grapes was also favoured by seasonal conditions with the crush of 122,000 tonnes up by 42,000 tonnes (52%) on 2003. When compared to the overall vintage, multipurpose grapes' share has declined from 30% of total production in 1994 to 7% in 2004.

### A Decade of Change

The following chart highlights the significant change in the profile of Australian winegrape production over the last 10 years. Production has increased by 180% since 1994, driven by growth in export volumes of some 350% over the same period.

### SHARE OF PRODUCTION 1994 & 2004



Source: ABS, KPMG

Shiraz, Cabernet Sauvignon and Chardonnay now account for almost 60% of total production, up from 27% in 1994.

### Forecast Production to 2006

The projected production for 2005 and 2006 is 1.89\* million tonnes and 1.95\* million tonnes respectively. These projections indicate that, assuming 'normal' seasonal conditions, there will

be a 2% increase in production in 2005 and a further 3% increase in production in 2006.

\*Source: ABARE, Australian Wine Grape Production and Winery Intake (Jan 2004)

The table below details the projected production for key red and white varieties to 2006.

### PROJECTED WINEGRAPE PRODUCTION

	WFA	ABARE		
	2004E ( <sup>'000</sup> tn)	2004F ( <sup>'000</sup> tn)	2005F ( <sup>'000</sup> tn)	2006F ( <sup>'000</sup> tn)
Total Production	1,860	1,810	1,894	1,952
<b>Red Varieties</b>				
Shiraz	442	440	454	461
Cabernet Sauvignon	317	327	333	336
Merlot	125	108	113	115
<b>Specialist White Varieties</b>				
Chardonnay	329	316	351	386
Semillon	103	103	105	106
Riesling	37	34	36	38

E: WFA Estimate; F: ABARE Forecast  
Source: ABARE (Jan 2004)

### Survey Methodology

This survey is the first quantitative national measure of the 2004 vintage, and is used widely by industry, industry analysts and media.

In May 2004, wineries were sent a mail survey to determine the industry's winegrape production for 2004. Wineries were asked to provide details of their 2004 intake (from any source) for processing into wine, brandy, spirit or juice (excluding contract processing on behalf of other wineries).

The survey was conducted by an independent consultant, KPMG, and covered an estimated 95% of industry production. The aggregated data was then extrapolated to estimate 100% of industry production, based on the survey participants' share of 2003 production.

It should be noted that the extrapolation process utilises the ABS winegrape production figures (by variety) for the 2003 vintage, and historically the ABS total winegrape production figure represents approximately 96%\* of the ABS total winemaker crush/intake figure, the official record of annual intake released in November each year.

Accordingly, the 2004 winegrape production figure of 1.86 million tonnes published in this vintage report could be expected to understate the 2004 ABS total winemaker crush/intake figure by a similar percentage.

\*5 year average: 1999-2003

## Australian Winegrape Production

Variety	2002	2003	2004	2004	2003-2004
	tonnes	tonnes	tonnes	% Share	% Change
<b>Red Grapes</b>					
Barbera	1,034	829	942	0.1%	13.6%
Cabernet Franc	6,185	5,274	6,435	0.3%	22.0%
Cabernet Sauvignon	257,223	225,723	317,472	17.1%	40.6%
Durif	3,999	3,232	5,022	0.3%	55.4%
Grenache	26,260	19,866	25,935	1.4%	30.5%
Malbec	3,061	3,756	3,959	0.2%	5.4%
Mataro	12,452	11,822	13,583	0.7%	14.9%
Merlot	104,423	92,865	125,179	6.7%	34.8%
Muscat a Petit Grains	1,561	1,285	1,482	0.1%	15.4%
Petit Verdot	14,850	14,956	22,044	1.2%	47.4%
Pinot Noir	21,341	27,949	42,427	2.3%	51.8%
Ruby Cabernet	49,974	37,858	35,835	1.9%	-5.3%
Sangiovese	6,344	6,057	5,947	0.3%	-1.8%
Shiraz	326,564	309,000	442,102	23.8%	43.1%
Tarrango	2,803	2,486	3,207	0.2%	29.0%
Other Red	9,657	9,563	14,308	0.8%	49.6%
<b>Total Red Grapes</b>	<b>847,731</b>	<b>772,521</b>	<b>1,065,879</b>	<b>57.3%</b>	<b>38.0%</b>
<b>White Grapes</b>					
Chardonnay	256,328	233,747	328,969	17.7%	40.7%
Chenin Blanc	14,567	11,466	14,383	0.8%	25.4%
Colombard	60,419	53,396	72,117	3.9%	35.1%
Crouchen	1,948	1,336	2,063	0.1%	54.4%
Doradillo	6,977	2,963	3,961	0.2%	33.7%
Marsanne	2,399	1,997	2,863	0.2%	43.4%
Muscadelle	1,344	1,084	1,367	0.1%	26.1%
Muscat a Petit Grains Blanc	2,545	2,460	4,305	0.2%	75.0%
Muscat Gordo Blanco	51,064	44,553	57,067	3.1%	28.1%
Palomino & Pedro Ximenes	2,462	1,911	1,861	0.1%	-2.6%
Riesling	27,838	28,994	36,585	2.0%	26.2%
Sauvignon Blanc	28,567	21,028	43,107	2.3%	105.0%
Semillon	100,785	77,096	103,171	5.5%	33.8%
Sultana	65,358	36,032	65,112	3.5%	80.7%
Traminer	5,891	5,276	6,861	0.4%	30.0%
Trebbiano	7,800	6,451	6,058	0.3%	-6.1%
Verdelho	16,121	15,359	25,967	1.4%	69.1%
Viognier	1,211	1,657	3,893	0.2%	134.9%
Other White	13,147	10,268	14,761	0.8%	43.8%
<b>Total White Grapes</b>	<b>666,771</b>	<b>557,074</b>	<b>794,473</b>	<b>42.7%</b>	<b>42.6%</b>
<b>Total Grapes</b>	<b>1,514,502</b>	<b>1,329,595</b>	<b>1,860,352</b>	<b>100.0%</b>	<b>39.9%</b>

Source: ABS, KPMG

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