

Wine
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insights on
Australian
Wine

Cooler Climate Chardonnay
Symposium
Chardonnay performance in our markets
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June 2016

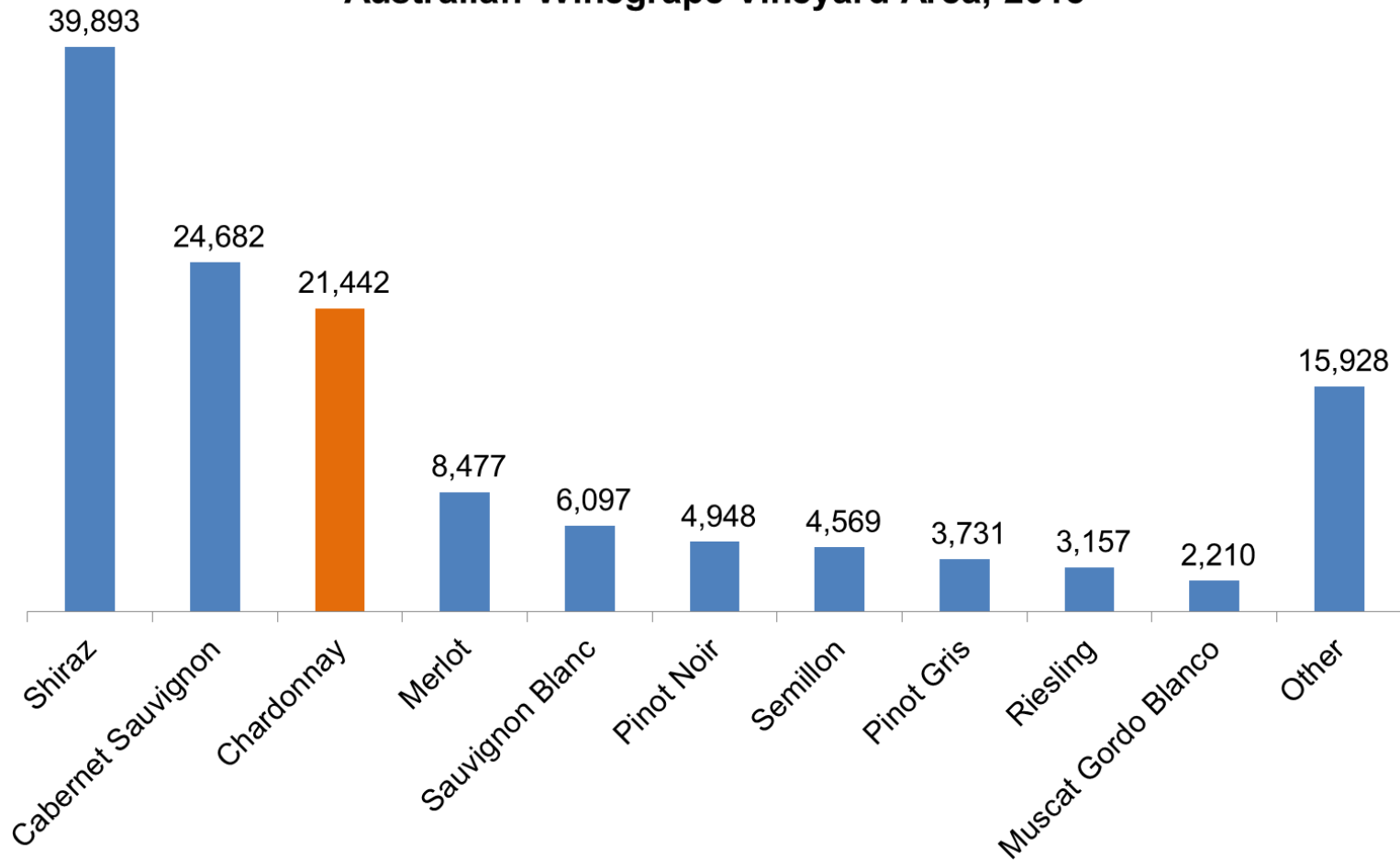
Today's presentation

A focus on cooler climate Chardonnay performance in key markets

- Brief profile of Chardonnay production
- Key market performances – exports and domestic
 - Biggest Chardonnay markets
 - Australian export performance by market and GI region (>A7.50 per litre/\$67.50 per case)
 - Domestic market performance
 - Recent media sentiment

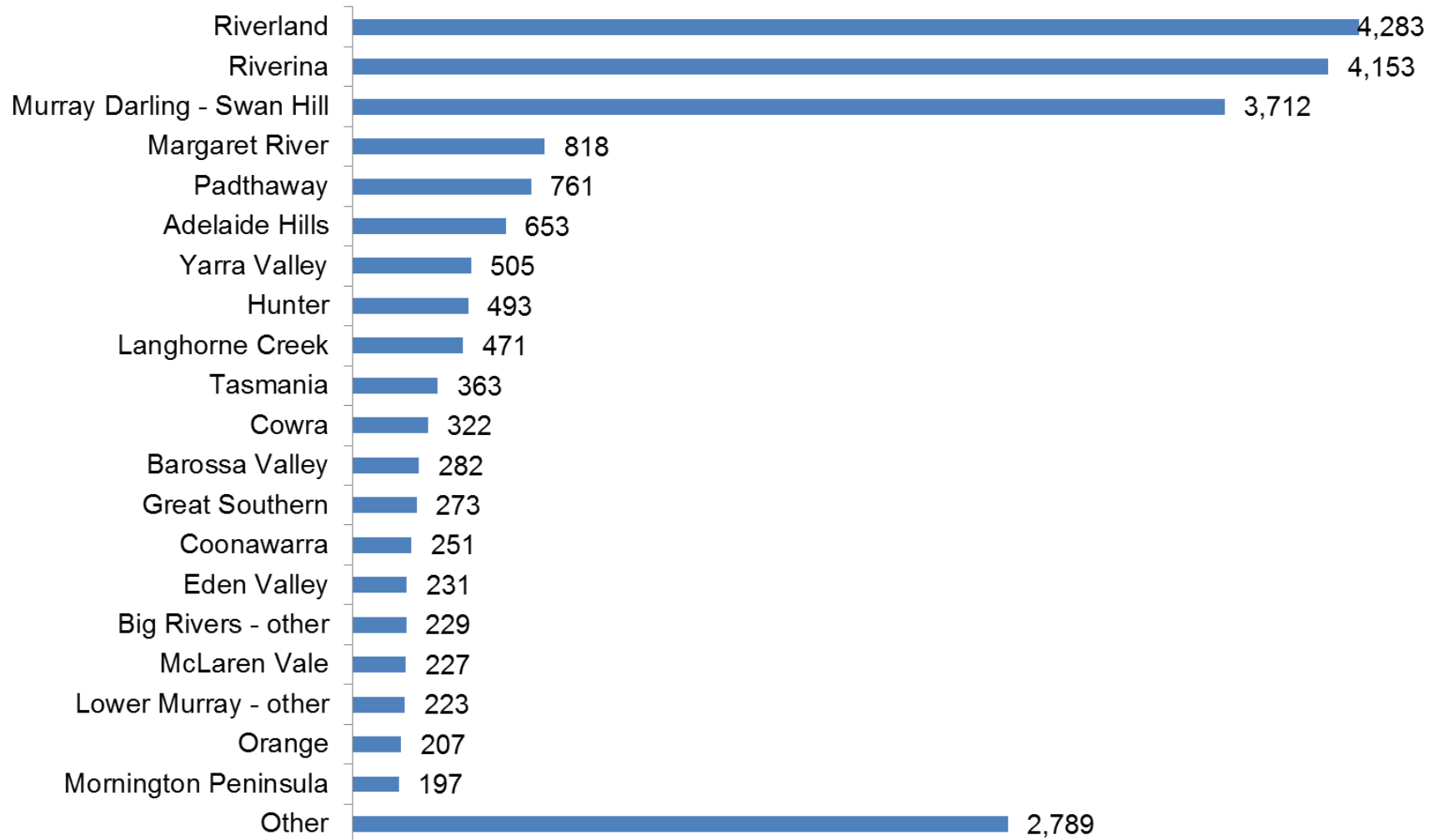
Chardonnay is Australia's third most planted variety

Australian Winegrape Vineyard Area, 2015



Inland regions dominate plantings

Chardonnay plantings by region



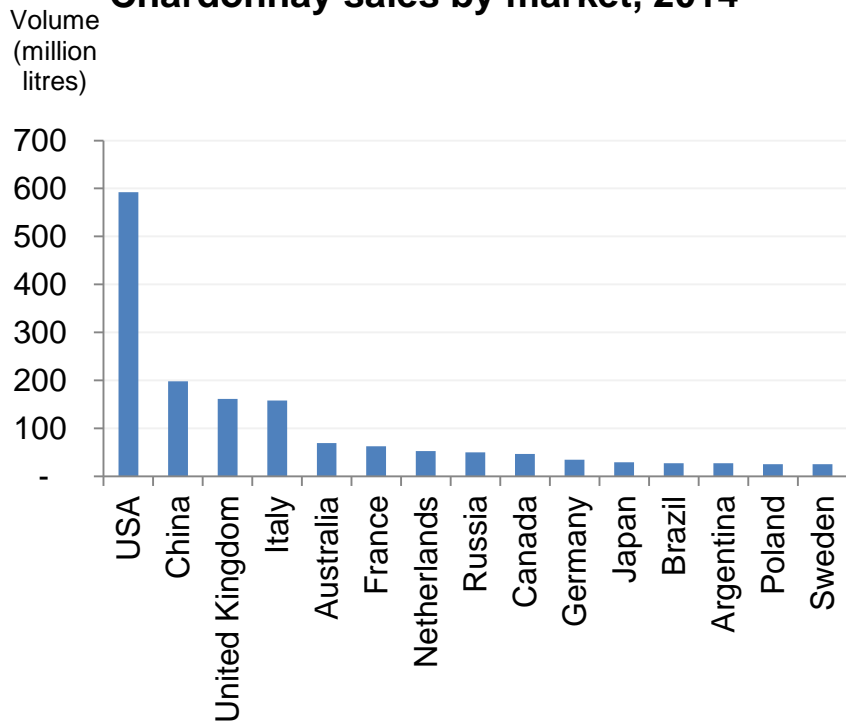
Key cooler climate Chardonnay regions

Region	Tonnes	Area	Yield	\$ per tonne
Adelaide Hills	5,440	653	8.3	1,269
Margaret River	3,742	818	4.6	1,524
Yarra Valley	3,559	505	7.0	1,438
Tasmania	2,047	363	5.6	2,426
Orange	1,323	197	6.7	1,110
Mornington Peninsula	823	187	4.4	2,353
Tumbarumba	781	107	7.3	1,510
Beechworth	126	19	6.6	2,044

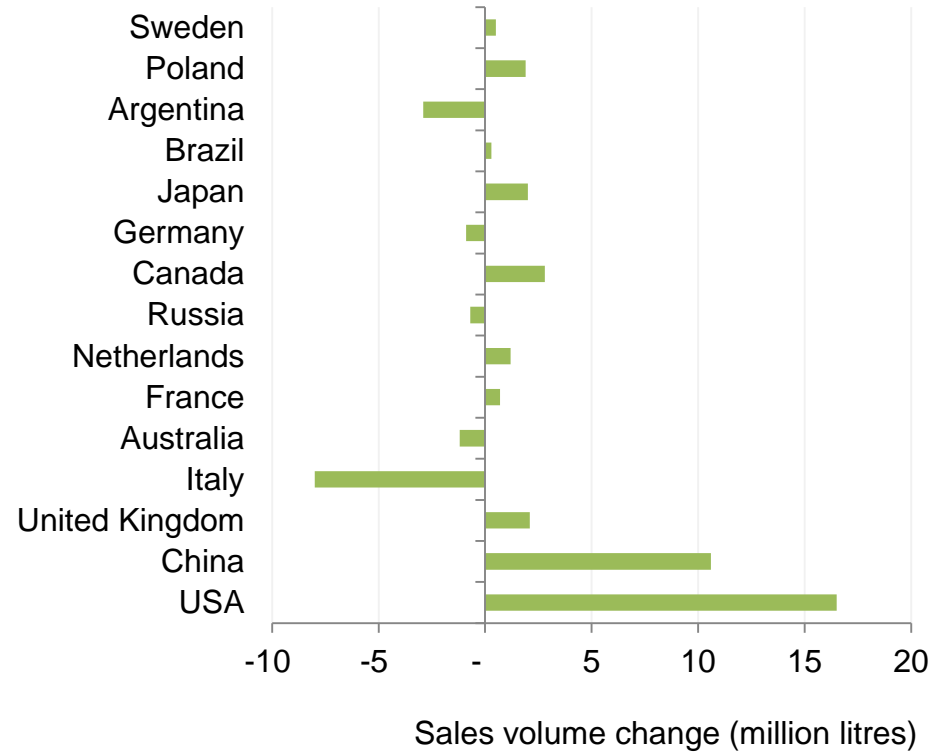
Total average price paid for all Chardonnay in Australia in 2015 was \$316 per tonne

USA and China are the world's two biggest Chardonnay markets and growing

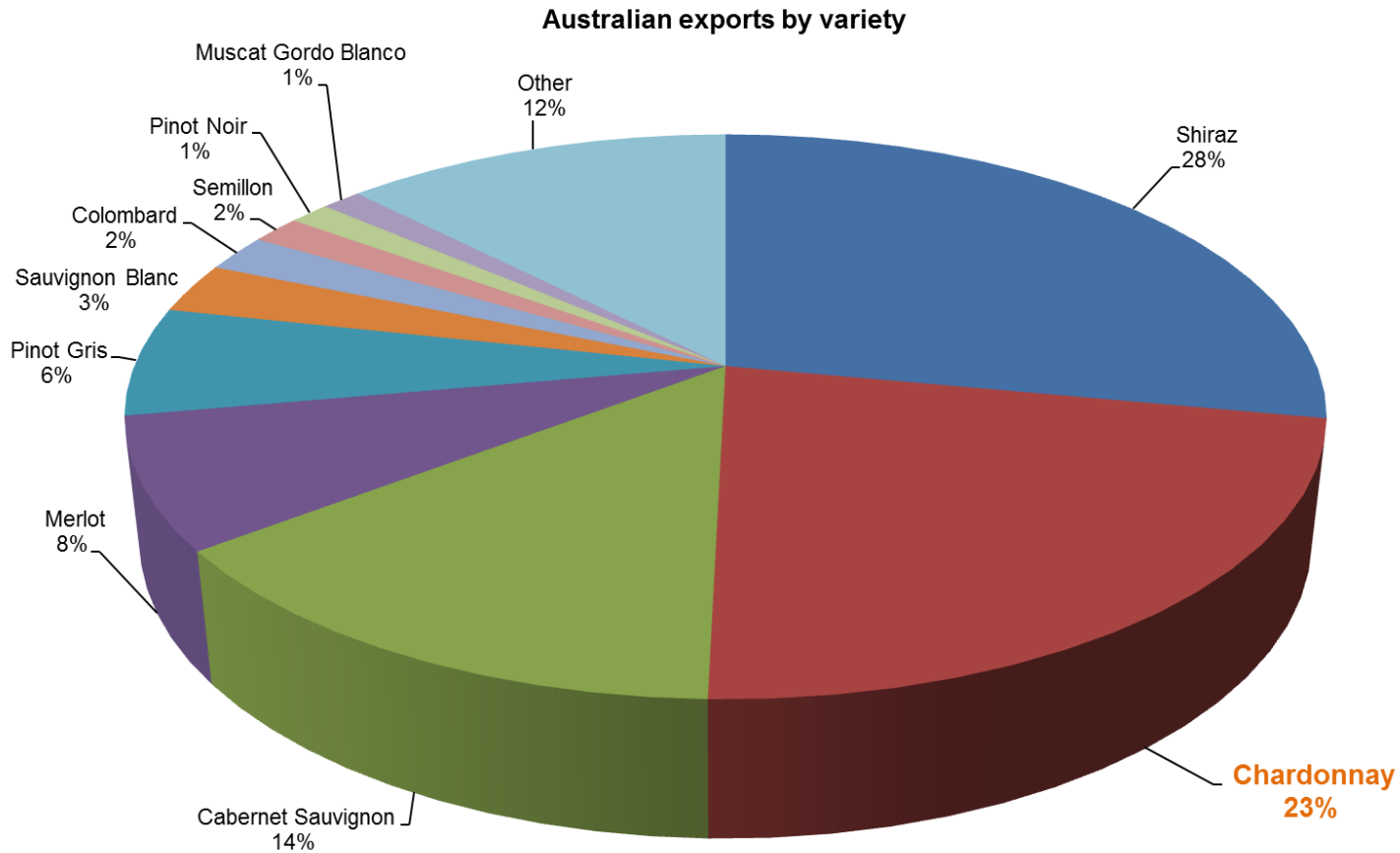
Chardonnay sales by market, 2014



Growth in Chardonnay sales, 2014

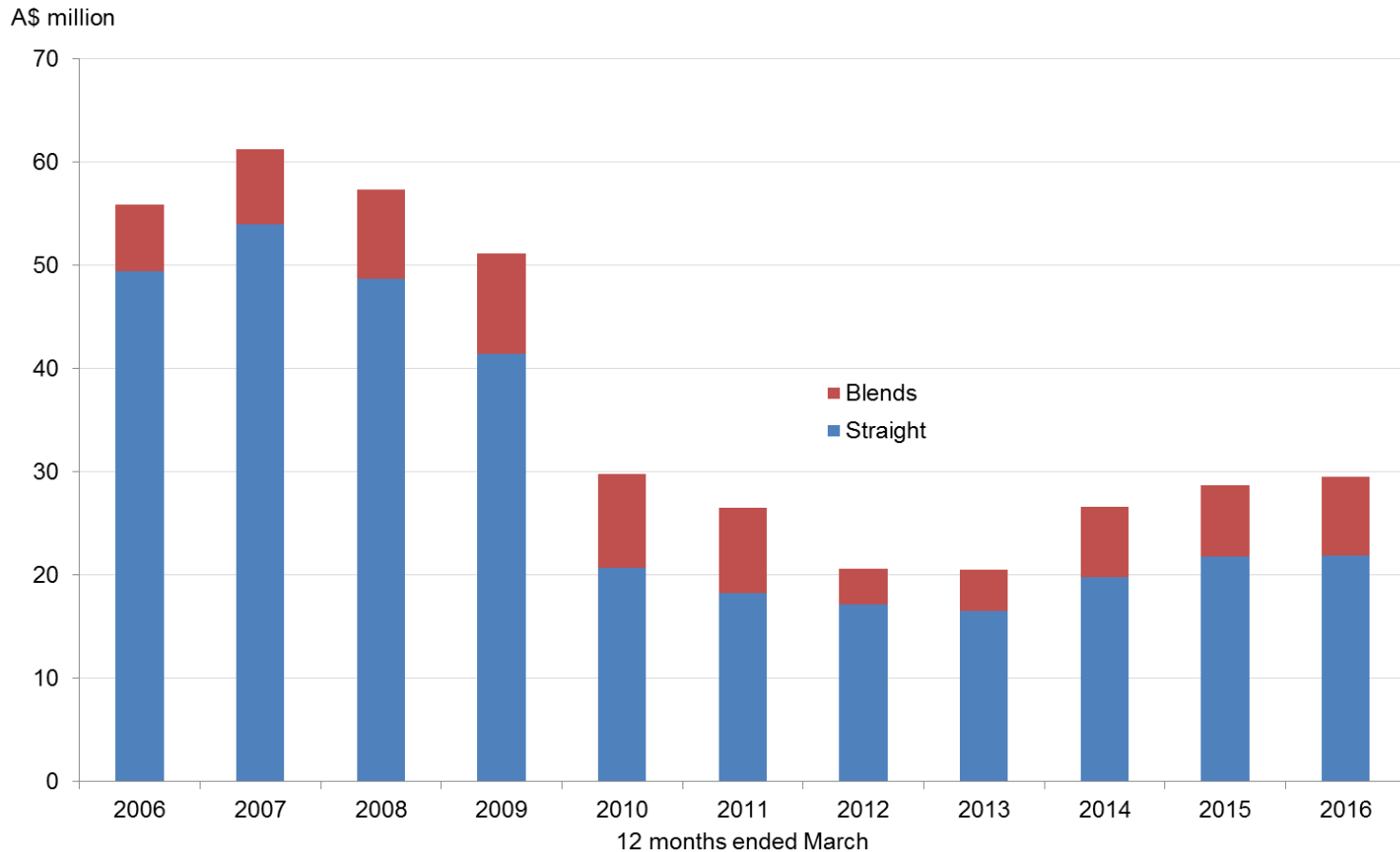


Chardonnay is Australia's second most exported variety



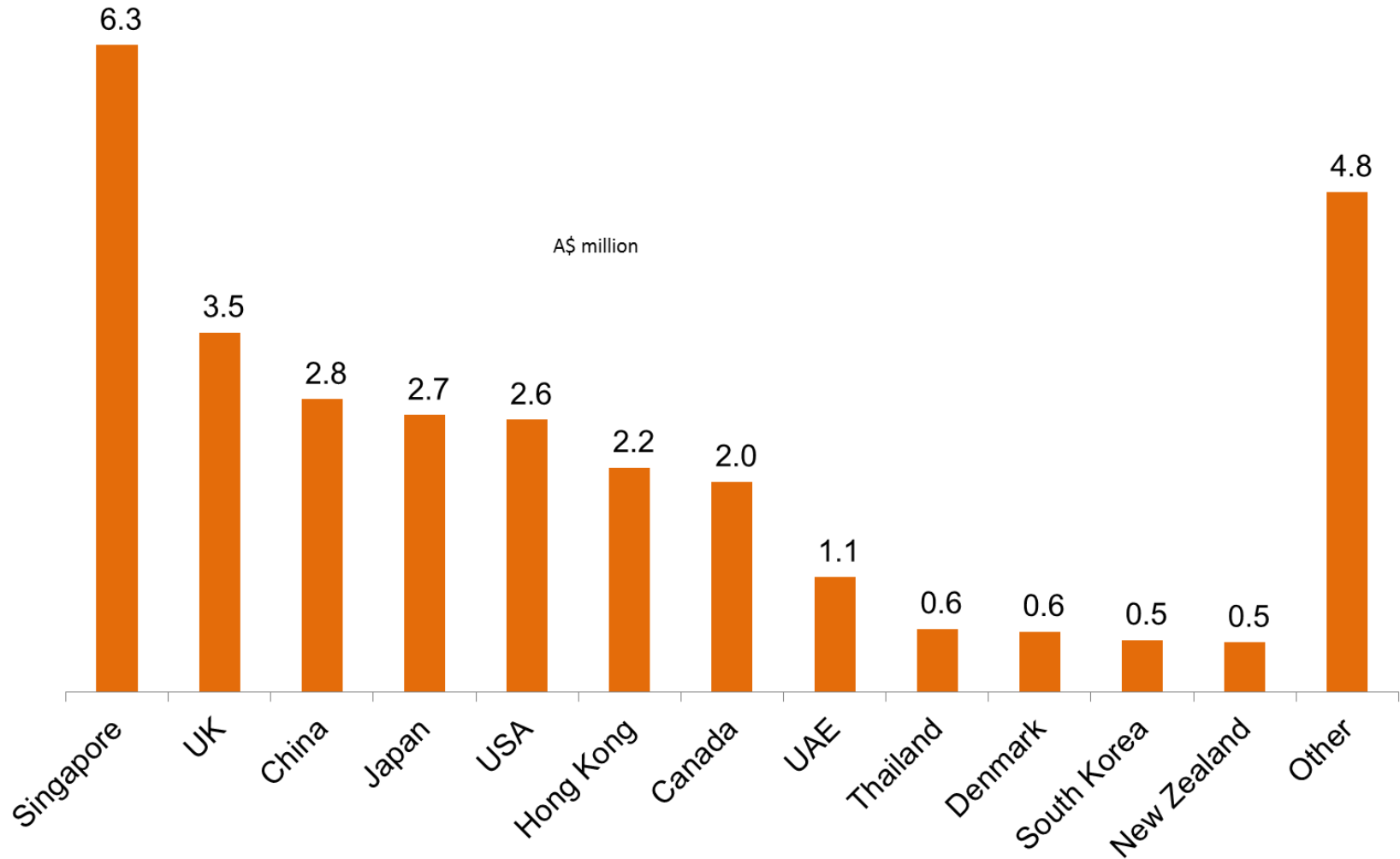
Cooler climate Chardonnay exports down long-term but recovering

Cooler climate Chardonnay exports (>A\$7.50 per litre/A\$67.50 per case)



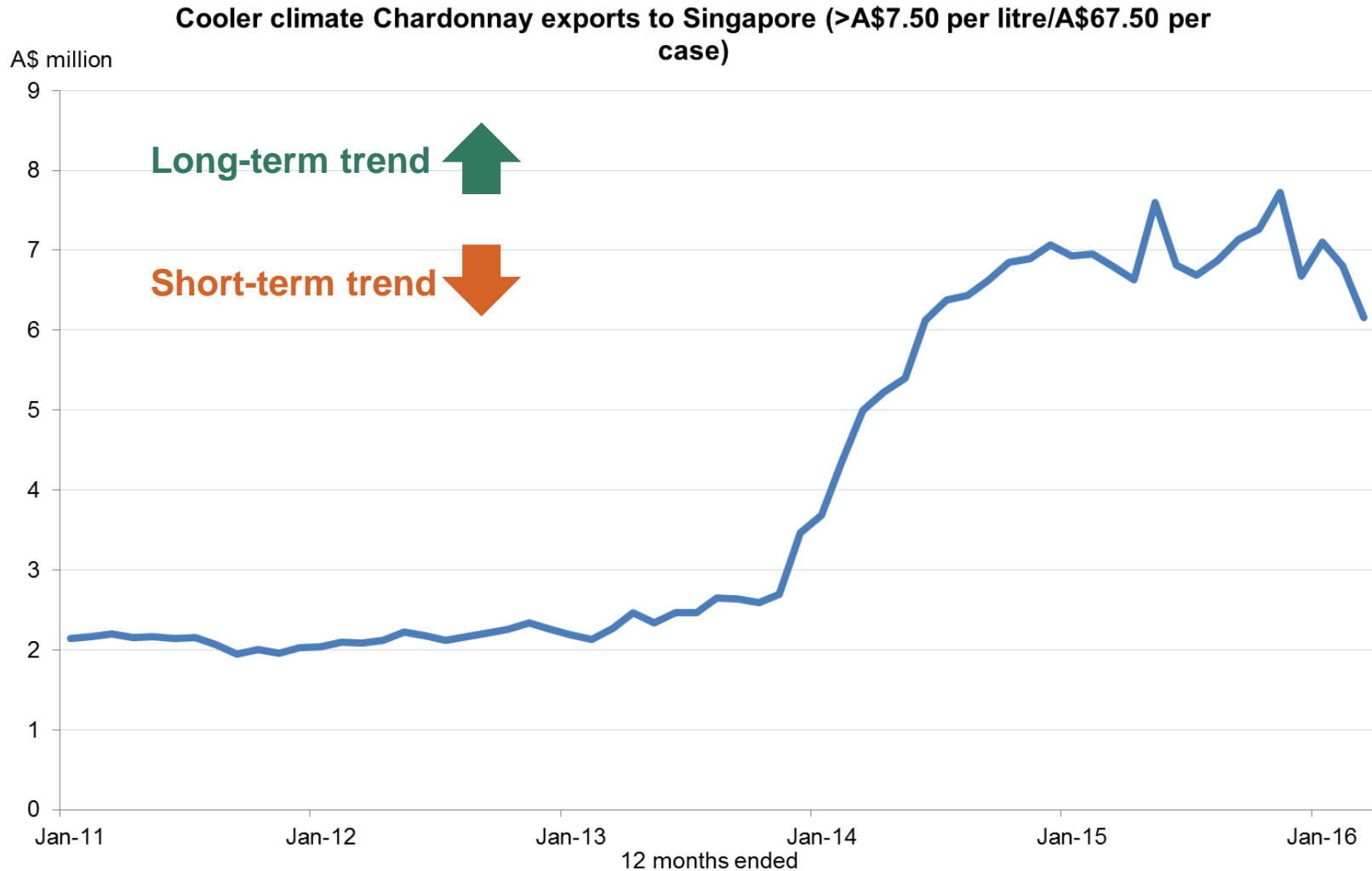
6 of the top 10 export markets are in Asia

Export markets for cooler climate Chardonnay (>A\$7.50 per litre/A\$67.50 per case)





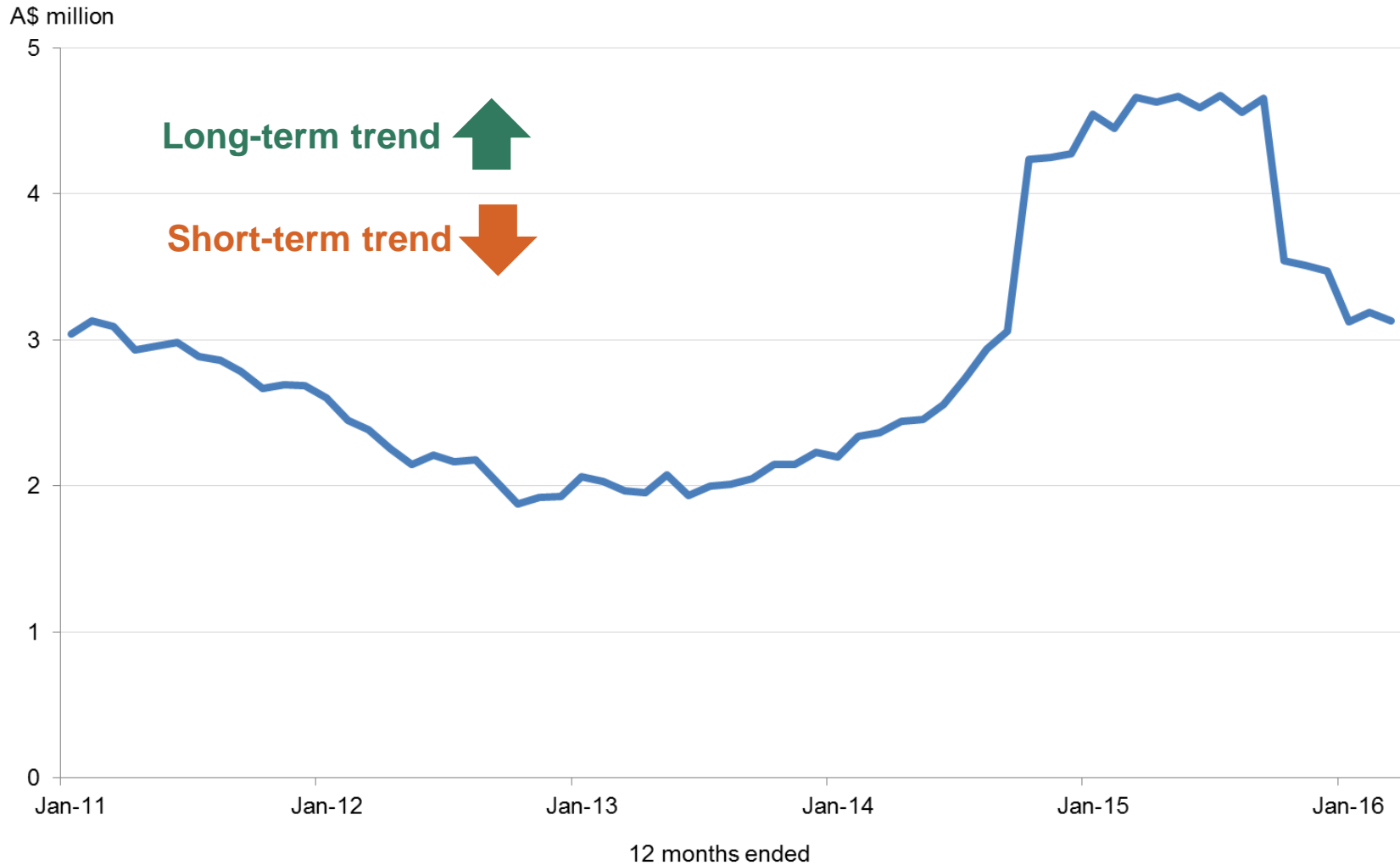
Singapore growth slowing





UK exports in decline

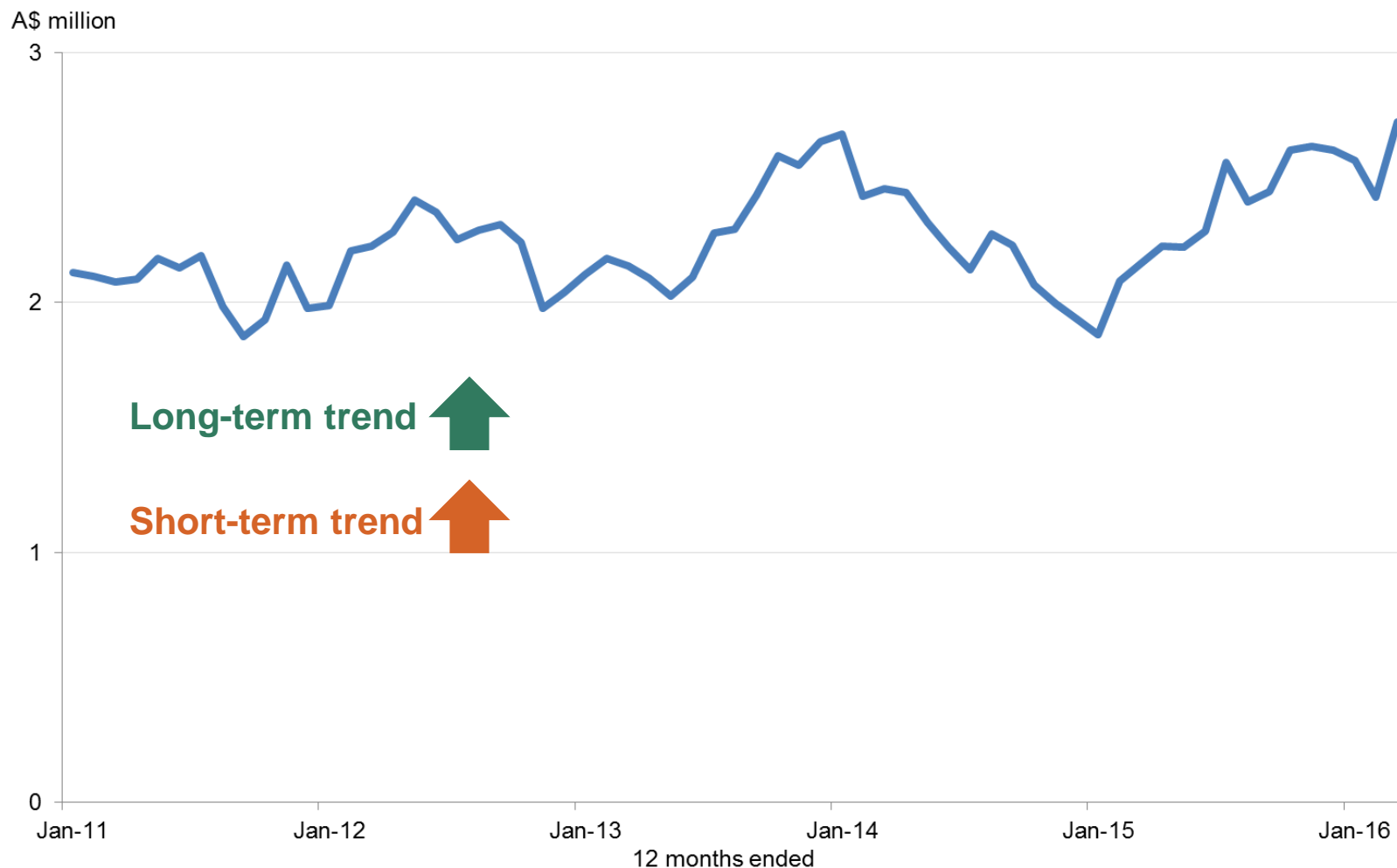
Cooler climate Chardonnay exports to UK (>A\$7.50 per litre/A\$67.50 per case)



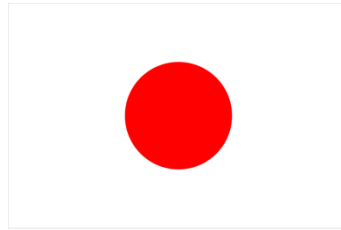


China exports starting to improve

Cooler climate Chardonnay exports to China (>A\$7.50 per litre/A\$67.50 per case)



Japan exports down but improving



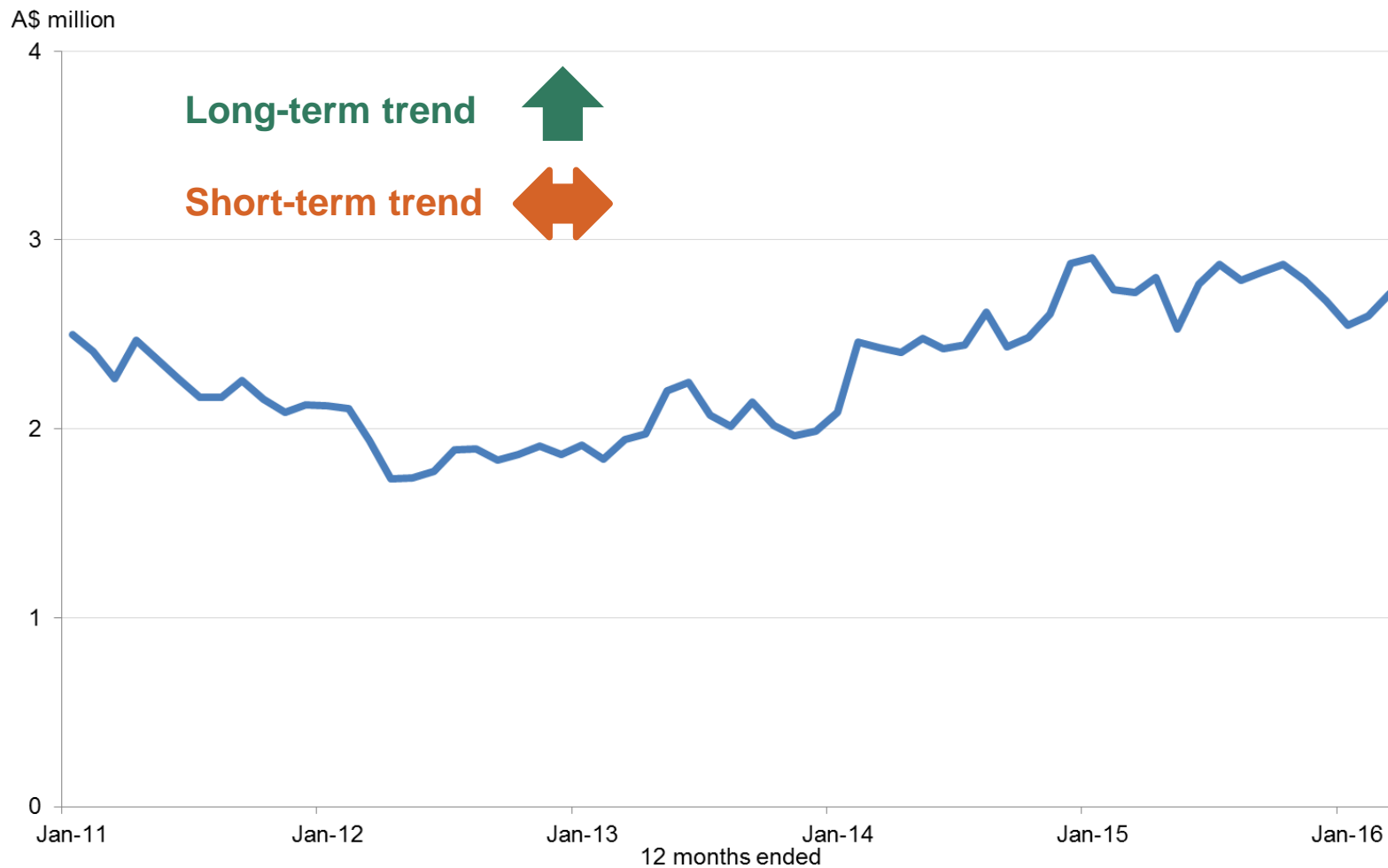
Cooler climate Chardonnay exports to Japan (>A\$7.50 per litre/A\$67.50 per case)

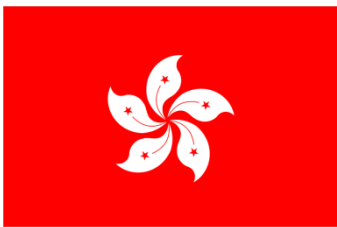




USA export growth steady

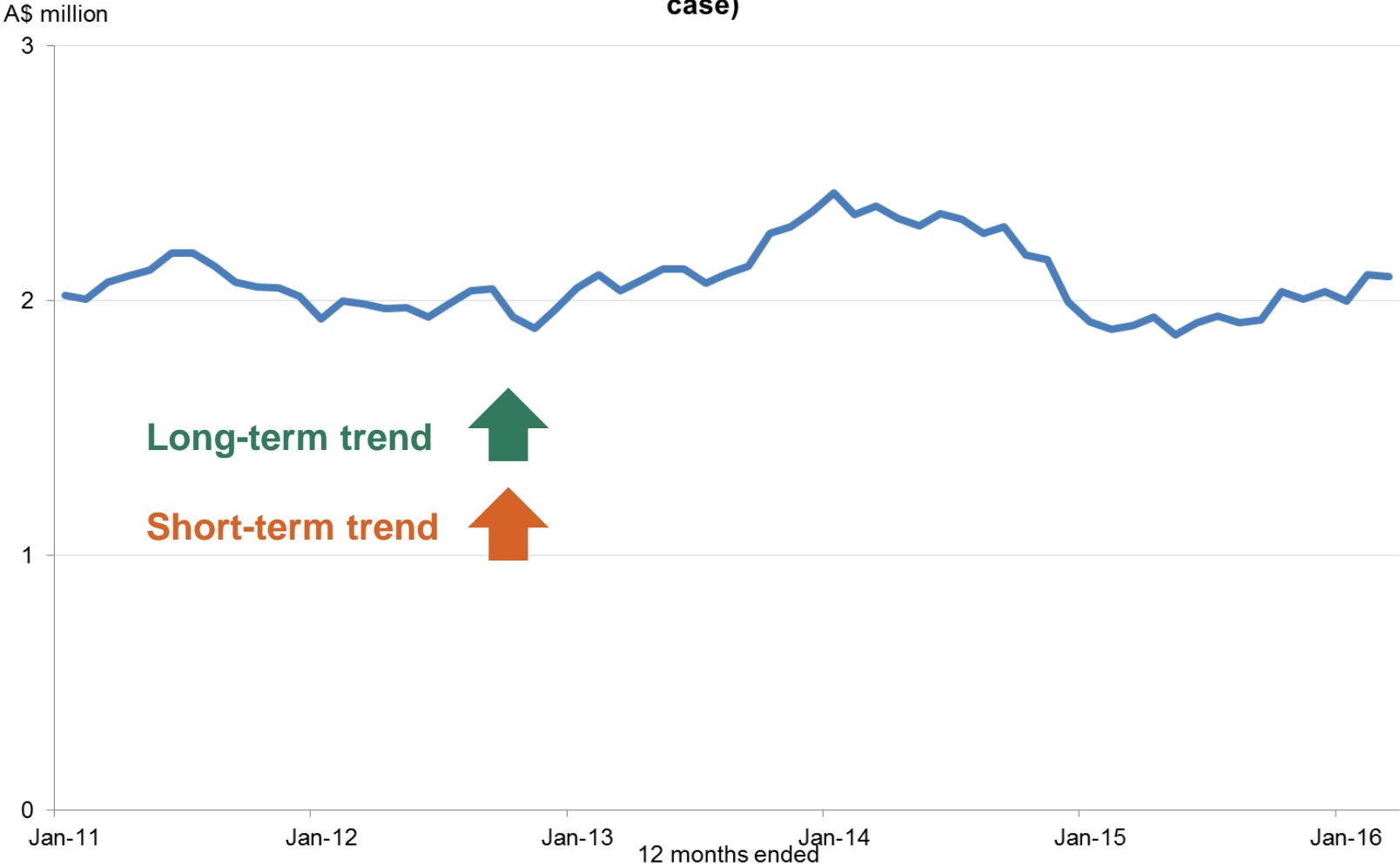
Cooler climate Chardonnay exports to USA (>A\$7.50 per litre/A\$67.50 per case)





Hong Kong exports recovering

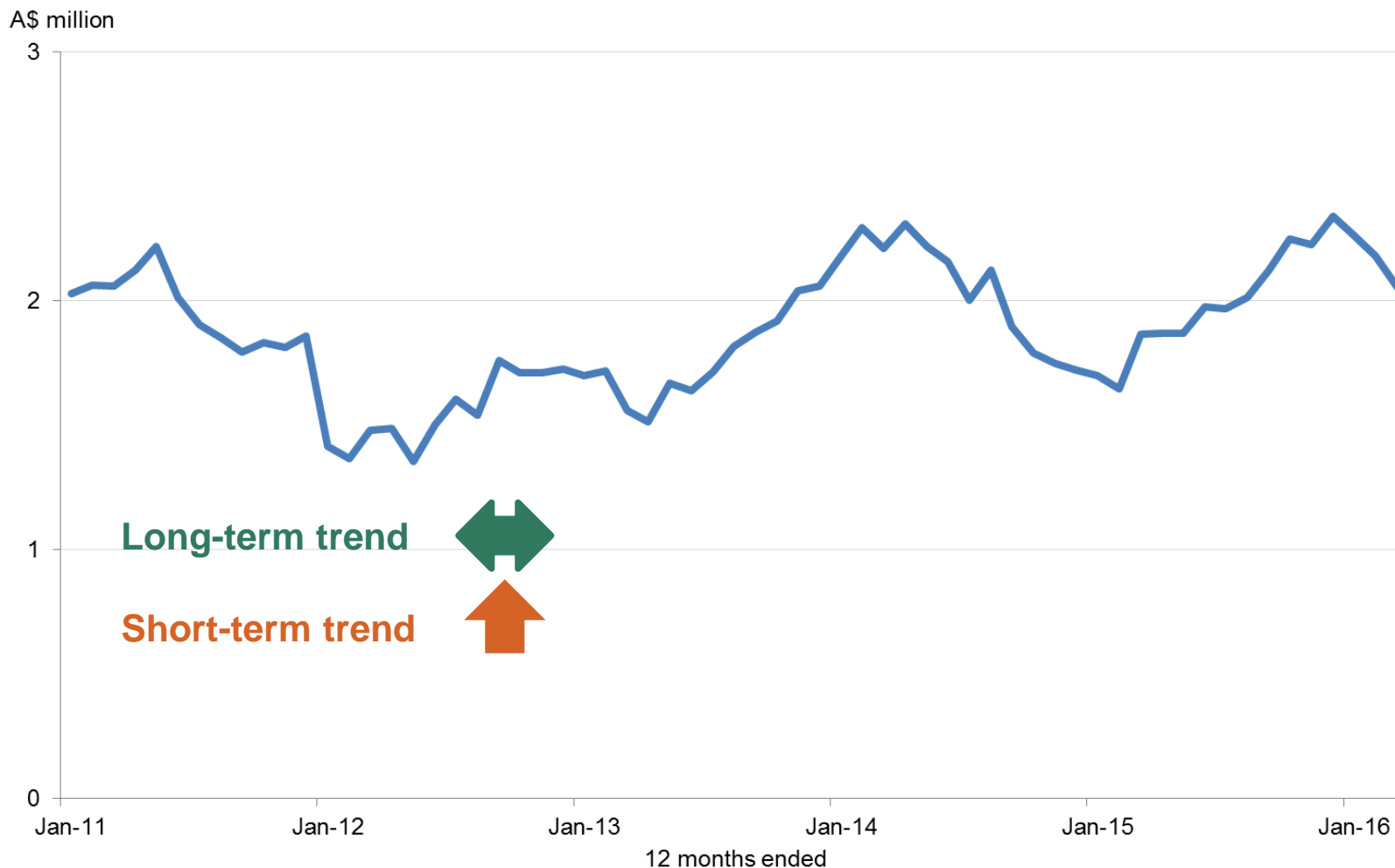
Cooler climate Chardonnay exports to Hong Kong (>A\$7.50 per litre/A\$67.50 per case)



















Canada exports fluctuating

Cooler climate Chardonnay exports to Canada (>A\$7.50 per litre/A\$67.50 per case)



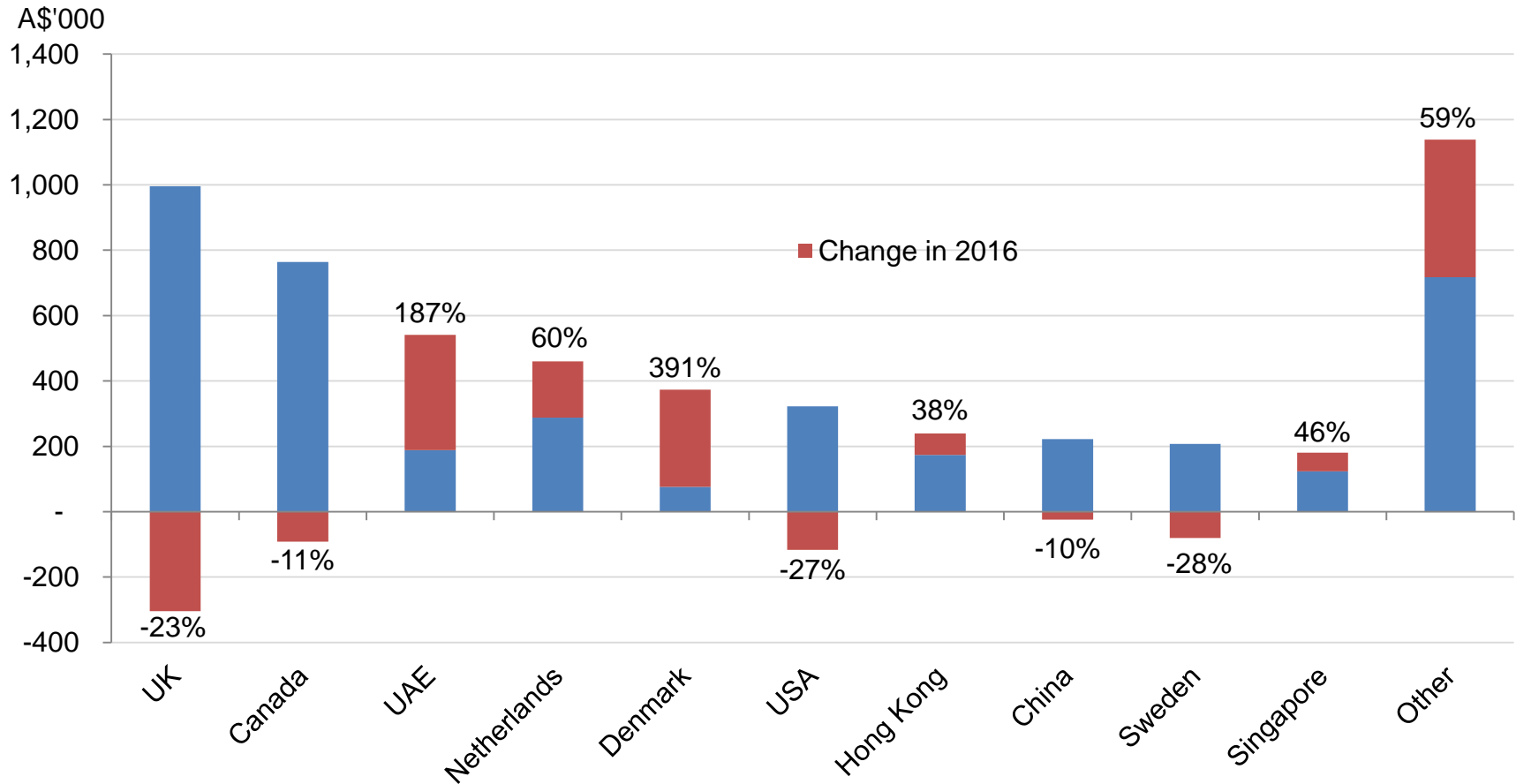
Export market performance summary

Market	Long-term trend	Short-term trend
Singapore		
UK		
China		
Japan		
USA		
Hong Kong		
Canada		

Adelaide Hills exports up

	March MAT 2016	Change
Volume	665,423	2%
Value	5,444,723	16%
A\$ per litre	8.18	13%

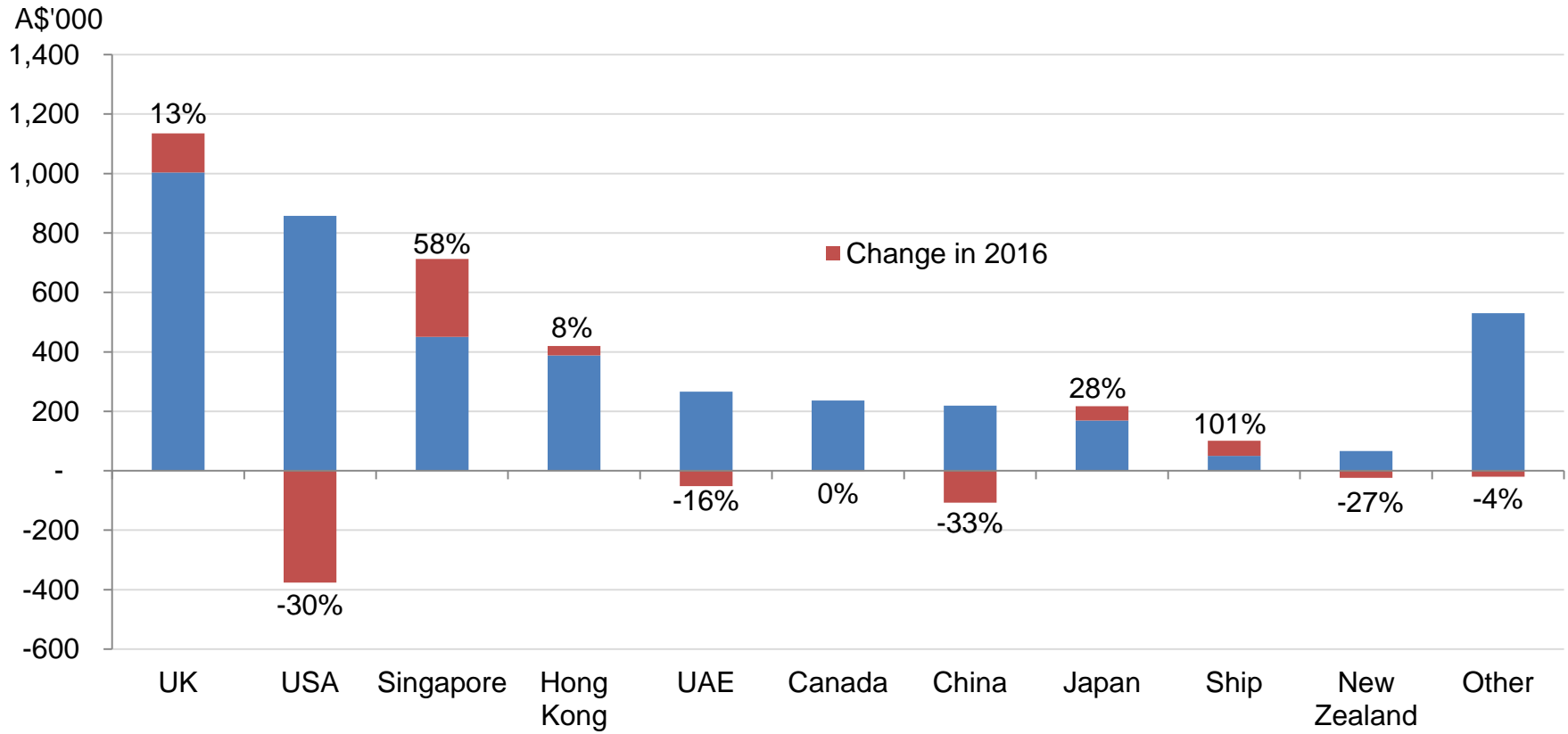
Exports of Adelaide Hills Chardonnay



Margaret River exports down

	March MAT 2016	Change
Volume	323,785	3%
Value	4,739,184	-2%
A\$ per litre	14.64	-5%

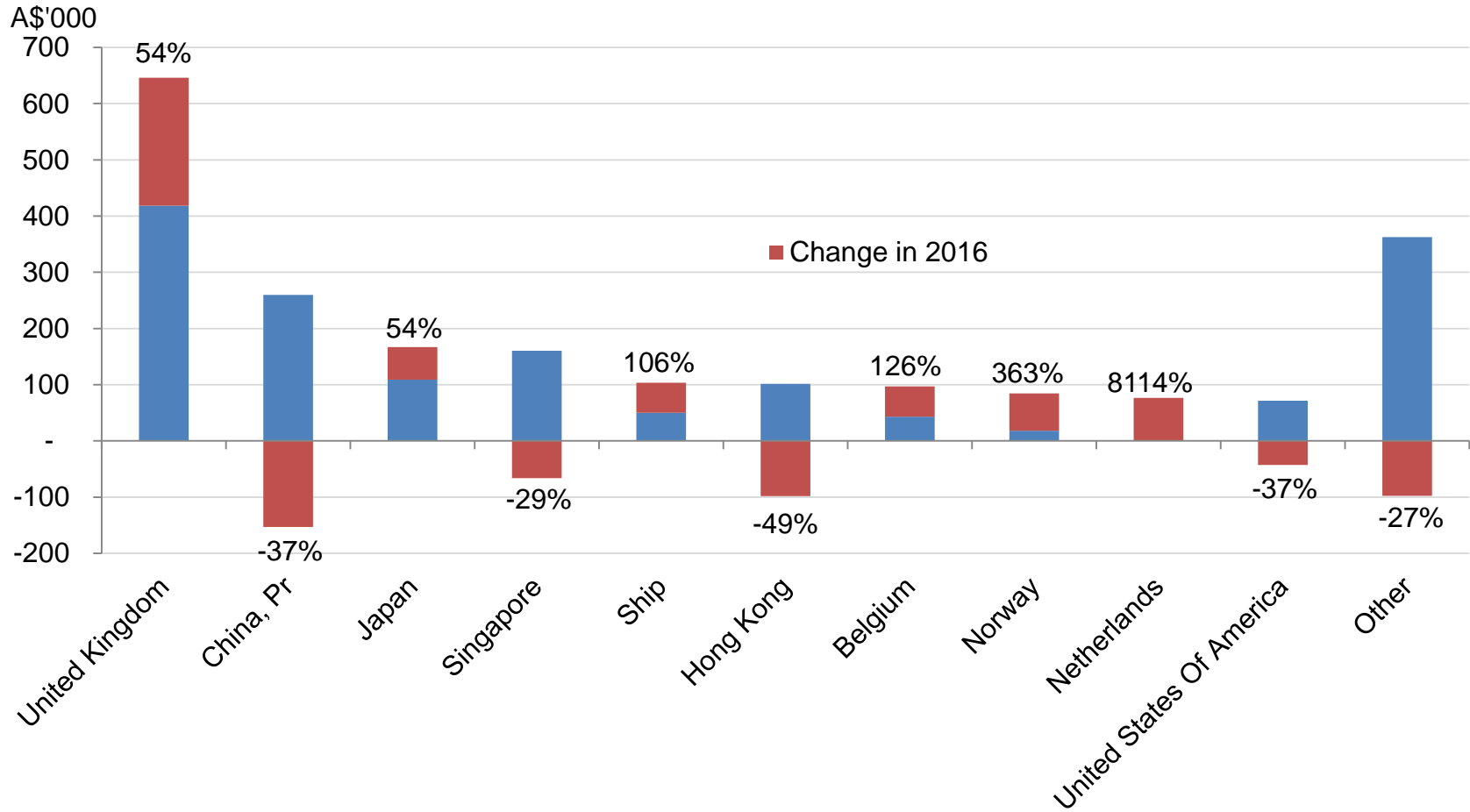
Exports of Margaret River Chardonnay



Yarra Valley exports up

	March MAT 2016	Change
Volume	200,936	14%
Value	2,032,533	4%
A\$ per litre	10.12	-8%

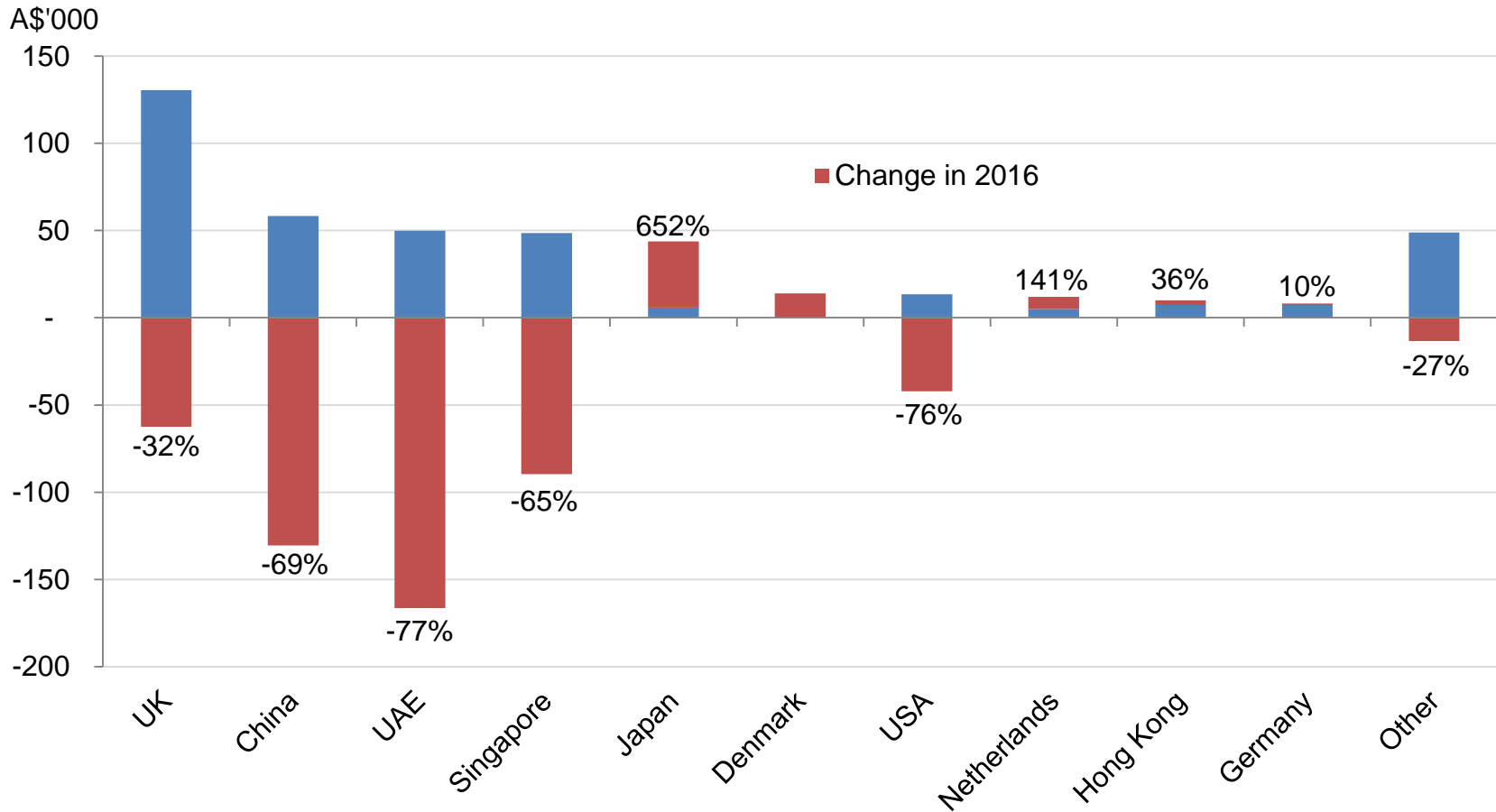
Exports of Yarra Valley Chardonnay



Mornington Peninsula down

	March MAT 2016	Change
Volume	21,767	-63%
Value	423,989	-51%
A\$ per litre	19.48	31%

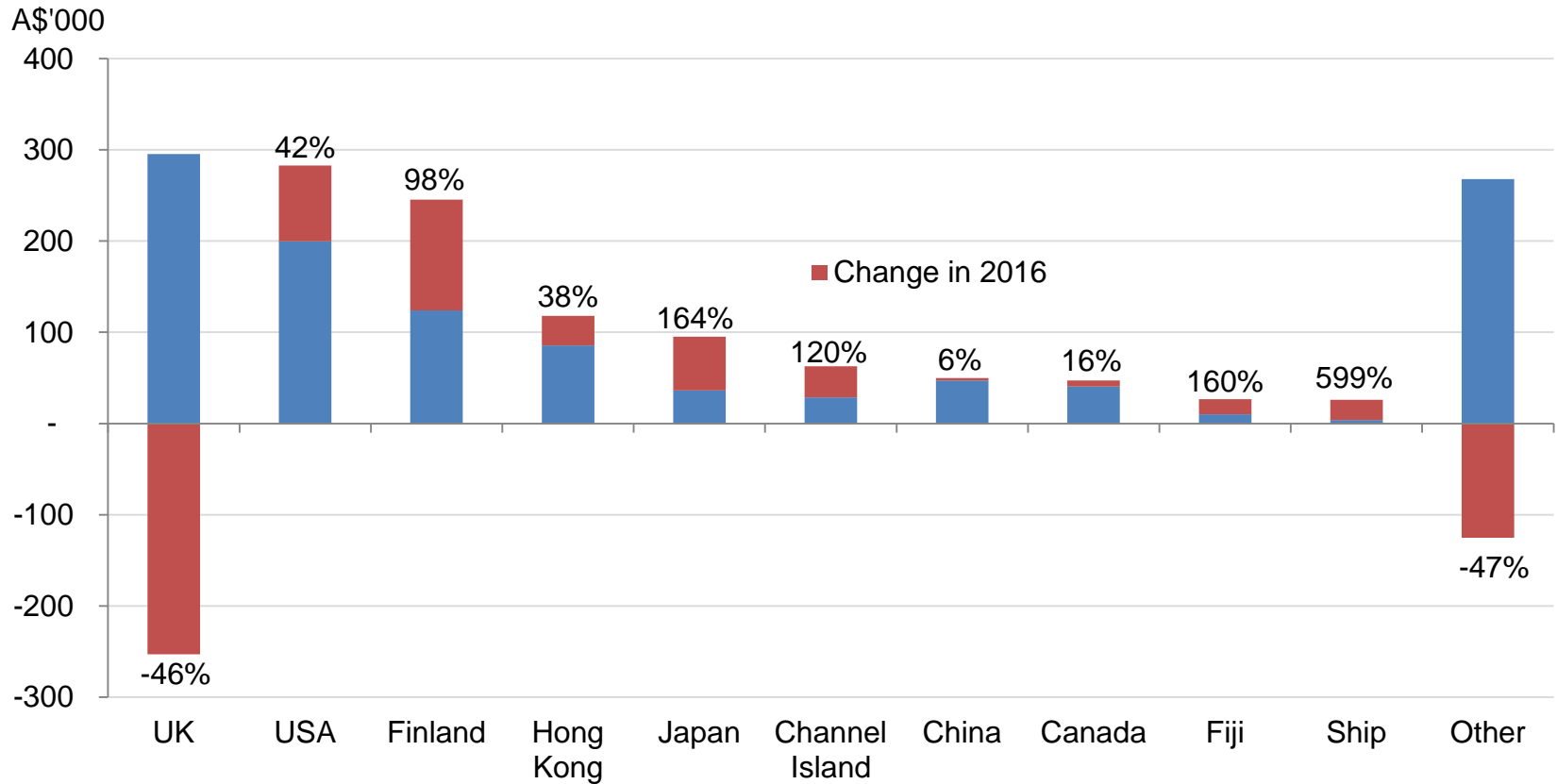
Exports of Mornington Peninsula Chardonnay



Tasmania exports up in value

	March MAT 2016	Change
Volume	100,878	-6%
Value	1,391,994	1%
A\$ per litre	13.80	7%

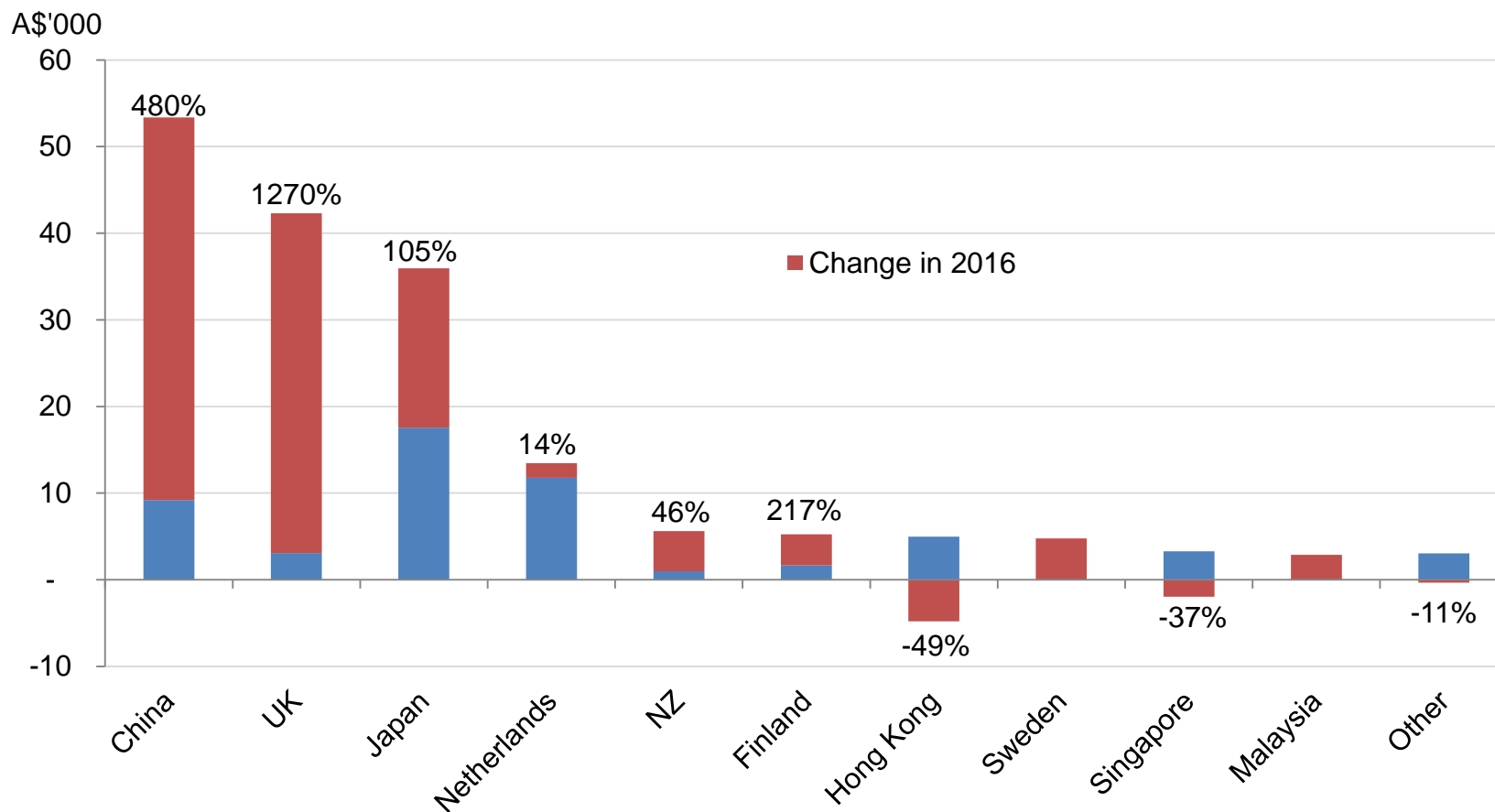
Exports of Tasmania Chardonnay



Orange exports up

	March MAT 2016	Change
Volume	11,192	89%
Value	132,107	123%
A\$ per litre	11.80	18%

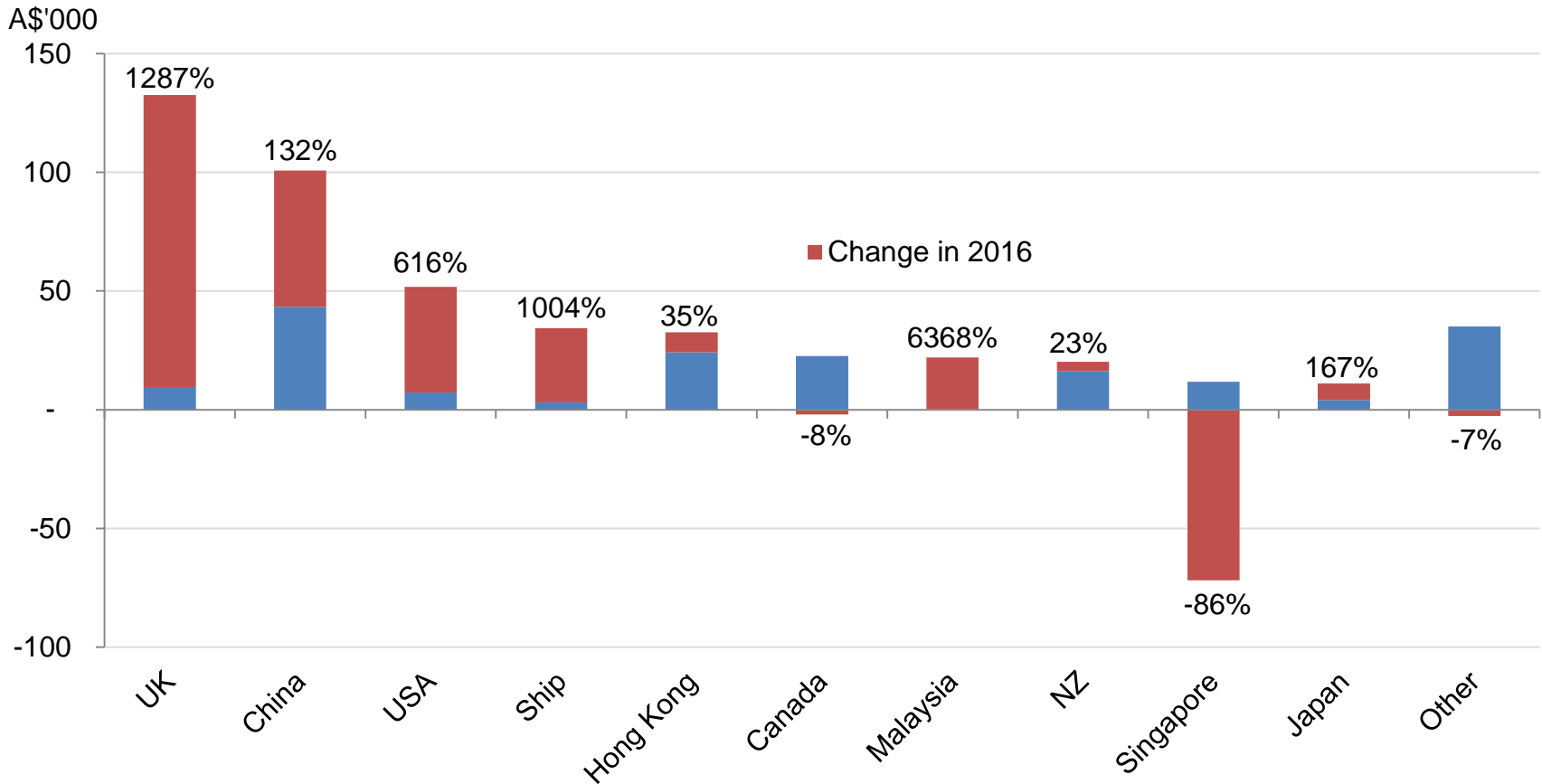
Exports of Orange Chardonnay



Tumbarumba exports up

	March MAT 2016	Change
Volume	30,296	128%
Value	471,998	88%
A\$ per litre	15.58	-18%

Exports of Tumbarumba Chardonnay



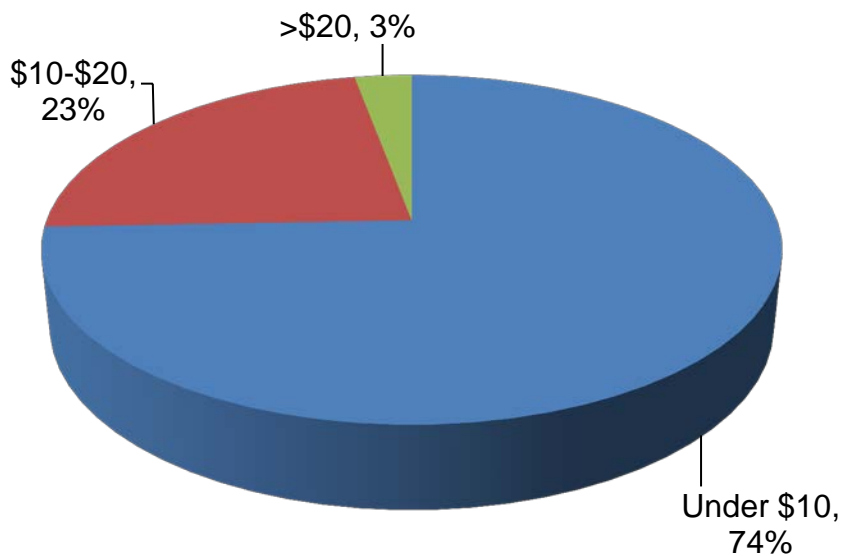
Region export performance summary

Region	Export volume	Export price
Adelaide Hills		
Margaret River		
Yarra Valley		
Tasmania		
Tumbarumba		
Mornington Pen.		
Orange		



Chardonnay off-premise sales down

Domestic off-premise market for Chardonnay by price point



Chardonnay sales in the domestic off-trade market by origin





Chardonnay on-premise listings down

Change of share of total white wine listings

Style	2015	2014	Change
Sauvignon Blanc	20.1%	23.8%	-15%
Chardonnay	18.4%	22.7%	-19%
Pinot Gris/Grigio	15.9%	14.2%	13%
Riesling	13.1%	15.6%	-16%
Semillon/Sauvignon Blanc	7.6%	8.3%	-8%
Semillon	3.0%	2.6%	13%
White Blends	2.9%	1.5%	93%
Verdelho	2.6%	2.4%	7%
Chenin Blanc	1.9%	1.6%	18%
Gerwurtztraminer	1.6%	0.8%	111%
Vermentino	1.5%	0.6%	166%
Viognier	1.3%	0.9%	47%
Albarino	1.2%	0.3%	305%
Gruner Veltliner	1.1%	0.4%	147%
Soave	1.0%	0.4%	152%
Others	6.8%	3.9%	74%

Change of share of Chardonnay listings by region

Style	2015	2014	Change
Margaret River	11.1%	15.8%	-29%
Yarra Valley	10.8%	8.3%	31%
Hunter Valley	6.3%	5.2%	21%
SEA	5.8%	6.3%	-7%
Chablis	5.6%	4.7%	19%
Adelaide Hills	5.3%	7.8%	-32%
Mornington Peninsula	5.3%	6.3%	-16%
McLaren Vale	4.7%	4.9%	-3%
Tasmania	3.6%	3.1%	17%
Burgundy	3.5%	3.1%	12%
Eden Valley	2.2%	2.5%	-11%
Geelong	1.7%	3.1%	-46%
Marlborough	1.7%	1.7%	-2%
Orange	1.5%	1.9%	-19%

Source: Wine Business Solutions, Wine On-Premise Australia 2015

Positive sentiment building

Jancis Robinson, 10 October 2015 (UK)

‘...such progress towards finesse has been made by Australia's best Chardonnay practitioners recently that I am now looking for serious alternatives to fine white burgundy in the cooler reaches of Australia.’

‘...from about 2012 Australia has been producing a raft of truly world-class Chardonnay, very much in the savoury, steely, super-crisp style of refined white burgundy, but often with more apparent potential for future development than a typical white burgundy.’

Off License News, Roger Jones (chef), January 2016 (UK)

‘The Chardonnays coming out of Australia over the past decade have been sublime.’

‘The style of food we are all now producing is much lighter, with less cream, less fuss, and this is mirrored by Australian wines: clean, bright wines, vivacious without being jammy, wines that are a joy to drink and to match with food.’

Positive sentiment building

Patricia Decker, The Examiner, 26 May 2016 (US)

‘But times are looking up, as wine lovers re-discover the beauty and diversity of Australian wines, from the elegant Margaret River Chardonnays to the ripe and nuanced Barossa Shirazs. US wine drinkers are embracing Australian wines, circling back to taste “The Next Big Thing”, a sensation made anew again, with a leaner, less oaky style.’

The Drinks Business, Miles Corish MW, March 2016 (Europe)

‘The tasting confirmed that the best Chardonnays are coming from Burgundy and, in our session, from top-quality Australian producers.’

Summary

- Chardonnay is Australia's third most planted variety
- Cooler climate Chardonnay grapes fetch between 3 and 8 times the national Chardonnay average purchase price
- The USA and China are the two biggest Chardonnay markets and growing
- Chardonnay is Australia's second most exported variety
- Cooler climate Chardonnay exports are down long-term but there are positive signs in the short-term
- 6 of the top 10 export markets are in Asia – there are mixed results for key markets
- There are mixed export results for the key cooler climate regions
- The domestic market remains a challenge
- There is growing positive sentiment around Australian Chardonnay, particularly in the UK and USA

Wine Australia