

2008 WFA VINTAGE REPORT

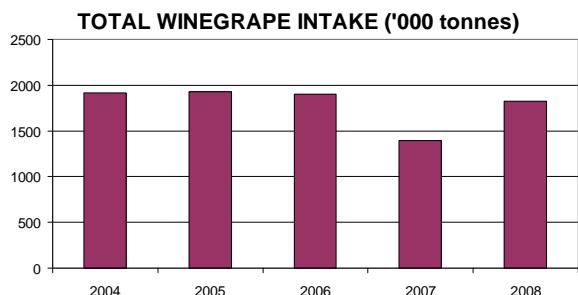
June 2008

National winegrape crush increases by 31%

In 2008 the Australian wine industry's winegrape intake increased by almost 31% over the 2007 vintage to an estimated crush of 1.83 million tonnes. This increase of 430,000 tonnes brings the total in well above the recent 5 year average of 1.71 million tonnes. (This average includes the drought-affected 2007 vintage, which decreased by 26% from the large 2006 intake of 1.9 million tonnes.)

The intake of red winegrapes increased from 665,000 tonnes in 2007 to 964,000 tonnes in 2008, a rise of 45%. Red grapes accounted for 53% of the total intake and were responsible for 70% of the increase in the crush between 2007 and 2008 – that is to say 300,000 of the 430,000 tonne increase.

White winegrapes came in with a much smaller percentage increase over 2007 of 18%, representing 47% of the total crush or 864,000 tonnes. The growth of 131,000 tonnes takes the white grape crush total to more than that of the large 2006 vintage when 846,000 tonnes of white grapes were crushed.



Source: ABS Catalogue No: 1329.0 Australian Wine & Grape Industry.
Note: 2008 – WFA estimate

Red intake up by 45%

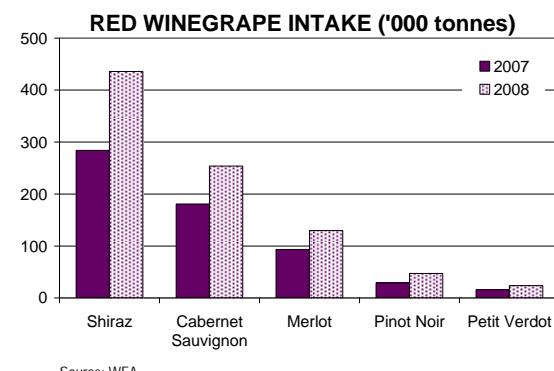
Shiraz intake increased by 160,000 tonnes or 53% in 2008 over the 2007 intake, again taking second place to Chardonnay as Australia's most popular winegrape. The estimated intake was 436,000 tonnes and accounted for 24% of total estimated crush. Consequently the intake of Shiraz was only 18,000 tonnes less than the high 2006 intake level.

Cabernet Sauvignon intake increased by 40% or 73,000 tonnes, making up around 14% of the total crush.

Merlot intake increased to 129,000 tonnes from 93,000 tonnes or 7% of the total, an increase of 39%, after decreasing by 31% between 2006 and 2007.

Pinot Noir, while representing only 2.6% of the total crush has increased by 63% or by 18,000 tonnes after decreasing by 6,500 tonnes between 2006 and 2007.

Petit Verdot, had an estimated crush of around 24,000 tonnes, or 1.3% of total crush and 2.5% of red intake



White intake up by 18%

Chardonnay remains the variety with the highest crush level in Australia, accounting for over 24% of total crush and 51% of the white winegrape crush. Tonnage came in at 444,000 compared with levels of 392,000 in 2007 and 428,500 in 2006.

Semillon intake of 99,000 tonnes accounted for 5.4% of total crush and 11.5% of white crush, an increase of 31% over the 2007 intake of 76,000 tonnes.

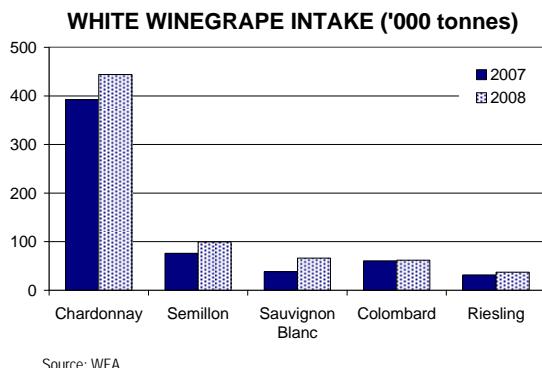
Sauvignon Blanc intake came in at over 66,000 tonnes in 2008, representing a large increase over both 42,500 tonnes in 2006 and 38,000 tonnes in 2007. The percentage growth of 74% over 2007 represented 3.6% of total 2008 intake and 7.7% of white winegrape intake.

Colombard tonnes remained relatively static, only increasing this year by 2% or 1,000 tonnes.

Riesling accounted for just 4.3% of white winegrape crush (2% of the total grape intake), but increased 17% between 2007 and 2008 from 31,700 tonnes to just over 37,000 tonnes.

Other white grape varieties that recorded increases were **Pinot Gris & Pinot Grigio** together increasing by 130% from 13,000 tonnes to just under 30,000 tonnes. They accounted for 3.4% of white winegrapes crushed compared with 1.7% in 2007 and less than 1% in 2006, making up 1.6% of the total crush in 2008.

The intakes of multi-purpose grapes such as **Muscat Gordo Blanco** and **Sultana** both decreased in 2008 by 9% and 38% respectively.



Initial Quality Assessment 2008

Following extensive consultation with industry players around the country, the quality of the 2008 Australian vintage is broadly assessed to be good to excellent in most regions, with some very high quality outcomes.

The 2008 season was a season of contrasts – across the continent and through the season – with significant impact from climatic factors in some regions. South Eastern Australia experienced generally good seasonal conditions, with some regions in South Australia challenged only by a freak heatwave event lasting two weeks towards the end of the ripening season. On the east coast, excessive rain fell in January and February, particularly in the Hunter and Mudgee regions. Meanwhile, Tasmania and the majority of regions in Western Australia experienced their best vintages in years.

For growing regions close to Adelaide, the season was divided into two parts: 'before' the heatwave conditions which were conducive to very high quality, and 'after' conditions which presented some logistical challenges. The heatwave's impact accelerated ripening and quickly raised the baumé levels of later-ripening varieties, causing loss of tonnages in some areas.

However, the heatwave's impact on quality was significantly reduced by the fact that the 2008 harvest began as a very early season overall, and it is assessed that only 15% to 20% of the total crop remained on the vine at the time of the heatwave. On the assumption that

the diminishing effect on tonnages was in the order of 10% to 20% of that, any loss of national tonnages would be just 2% to 4%.

As it would be expected, cooler climate regions were less affected by the heatwave, raising the overall quality outcomes of the 2008 harvest. Additionally, early ripening of the more northerly situated warm inland areas meant they escaped most of the impact of the unusual end-of-harvest heat.

Two of the major warm inland regions were constrained by low water allocations this season, and will face similar challenges next year. However the Riverina was an exception and delivered a record harvest on the back of more than adequate water allocations.

Later ripening varieties were more exposed to the heatwave effects although, once again, the overall impact was diminished by the majority of fruit, including most white varieties, being processed before the heat event. This was particularly the case for the all-important Shiraz crop, which largely ripened earlier and which is also more tolerant of hot conditions.

Expectations for sparkling wine quality are high with the fruit sourced from the cooler climate districts in Tasmania and regions such as the Yarra Valley more favoured by the season.

Survey Methodology

This survey is the first quantitative national measure of the 2008 vintage, and is used widely by industry, industry analysts and media.

In May 2008, wineries were sent a mail survey to determine the industry's winegrape crush for 2008. Wineries were asked to provide details of their intakes for both 2007 and 2008 for processing into wine, brandy, spirit or juice.

The survey response was comprehensive, responses being received from more than 650 wineries and covering an estimated 91% of the industry's winegrape intake. The aggregated data for the 2008 vintage was compared to the aggregated data for the 2007 vintage to obtain the relative change in the size of the intake. This was then compared to the ABS 2007 intake to estimate the size of the 2008 intake. This approach is slightly different to that used prior to 2006.

It should be noted that the intake estimates for each variety in both 2007 and 2008 are derived from each variety's respective share of the total crush reported by respondents to the 2008 Vintage survey.

Australian Winegrape Intake

Variety	2007 tonnes	2008 tonnes	2008 % Share	2007-2008 % Change
Red Grapes				
Barbera	502	897	0.0%	79%
Cabernet Franc	2,140	2,639	0.1%	23%
Cabernet Sauvignon	180,892	253,852	13.9%	40%
Durif	4,221	4,622	0.3%	9%
Grenache	15,100	16,859	0.9%	12%
Malbec	1,734	2,537	0.1%	46%
Mataro	6,234	6,935	0.4%	11%
Merlot	93,160	129,493	7.1%	39%
Muscat a Petit Grains	591	1,344	0.1%	128%
Petit Verdot	15,907	23,698	1.3%	49%
Pinot Noir	28,921	47,104	2.6%	63%
Ruby Cabernet	15,479	15,419	0.8%	0%
Sangiovese	3,706	5,625	0.3%	52%
Shiraz	283,966	435,850	23.8%	53%
Tarrango	2,749	1,660	0.1%	-40%
Other Red	9,367	15,546	0.9%	66%
Total Red Grapes	664,668	964,081	52.7%	45%
White Grapes				
Chardonnay	392,144	444,032	24.3%	13%
Chenin Blanc	9,029	9,409	0.5%	4%
Colombard	60,574	61,722	3.4%	2%
Doradillo	2,144	938	0.1%	-56%
Marsanne	1,465	2,045	0.1%	40%
Muscadelle	562	420	0.0%	-25%
Muscat a Petit Grains Blanc	598	937	0.1%	57%
Muscat Gordo Blanco	45,724	41,609	2.3%	-9%
Palomino & Pedro Ximenes	569	294	0.0%	-48%
Pinot Gris and Pinot Grigio	12,883	29,683	1.6%	130%
Riesling	31,766	37,109	2.0%	17%
Sauvignon Blanc	38,158	66,267	3.6%	74%
Semillon	76,070	99,399	5.4%	31%
Sultana	13,358	8,304	0.5%	-38%
Traminer	8,636	11,033	0.6%	28%
Trebbiano	2,528	2,437	0.1%	-4%
Verdelho	15,659	20,871	1.1%	33%
Viognier	8,127	12,509	0.7%	54%
Other White	12,689	14,548	0.8%	15%
Total White Grapes	732,682	863,567	47.3%	18%
Total Grapes	1,397,350	1,827,647	100%	31%

Note: Winegrape tonnages and percentage changes are rounded to the nearest whole number.

Source: ABS (2008), WFA (2008)

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