

Australia - what happened last week

6 Mar 2002 by JR

Here's Tesco Wineman Phil Reedman's latest. He's wasting those reporting talents on buying wine for a British supermarket.

- M&A Bonanza

Bulk processor Simeon Wines and Brian McGuigan Wine are to merge. The combined company will be headed by 'Big Brian' as Chief Executive and will run as two divisions: branded and bulk supply. That is, er.....pretty much like the two companies prior to the merger. The branded focus will be on the domestic market. Strange days if you ask me.

Meanwhile Allied Domecq announce its little adventure into Peter Lehmann Wines. Not, on the face of it, an easy share register to attack: highly illiquid and very loyal to Peter, that is those shares which Peter and friends don't own themselves. So what's the point? One informed source suggested to me that Allied didn't actually know themselves while another suggested that Allied might know and that the end game was not to own the company but to own the distribution of the company's products. This being on the basis that there's as much money to be made from distribution as there is in production. Adding some weight to this theory is the rumour that Allied is in talks with Lion Nathan about the Banksia and Petaluma groups' distribution. Wait and see. No tips as to who this week's takeover target is to be but with not many left standing.....BRL [Hardy] report on Thursday and are expected to show that the UK is once again fuelling their growth. Continued speculation about their future but they're a big buy now so unless you've got a spare billion pounds.

- Export Stats

Australia now claims to be the largest exporter of wine outside the EU. Last year Australia exported almost A \$2 billion worth of wine (no wonder I was so busy). With France, Italy and Spain having over 60 per cent of world wine exports Australia comes in with just 4 per cent.

New Zealand exported 13.8 million litres in the six months to December 2001 (while importing 27.8 million litres, or almost eight litres per head! Double that for the year, add in some domestic production and a few cans of DB [I assume this is one of those cereal-based drinks - JR] and you're looking at pretty healthy drinking levels. No wonder Allied bought Montana.)

The UK took 51 per cent of the New Zealand export volume an increase of over 27 per cent which was worth just over NZ \$75 million.

- Screwtops on Trial

All acquitted - see the [results of an interesting tasting](#).

- Southcorp

[CEO] Keith Lambert probably didn't enjoy last week very much. The market sold down Southcorp stock on the back of poor profits. Profit forecasts were in the region of A \$90-95 million but Southcorp banked only A \$80.2 million. Down went the stock by 11 per cent and there is talk of the stock going lower, perhaps as low as A \$6. Pre-profit result the stock had traded at A \$7.32

It appears to be taking longer than expected to reap the benefits of the merger and a difficult domestic market (see Simeon McGuigan merger above) coupled with a 'like for like mountain' on Lindemans sales post Olympics have pushed down sales growth. Not only that but Southcorp had the nerve to move the Queen Adelaide brand out of the A \$3.99 (£1.46) price point. No wonder sales slowed.

- Inland vintage Update

At last things are starting to happen in the irrigated areas. Reds and whites are coming in now which is putting some pressure on wineries. Still too early to be confident about volumes but it looks good for all varieties from a quality view and colour in reds is exceptional.

Frank Bonic in the southern Riverina says that disease pressure in his organic vineyard has been very low this year [love this phraseology for, I assume, 'grapes are pretty healthy'] and the fruit he is about to start picking is showing great flavour and 'amazing numbers', ie he won't have to add much, if any, tartaric acid to the wine this year. Disease pressure wasn't the only thing that's been low this year; last week a mini-tornado ripped through the area narrowly missing the Bonic vineyard; the tomato grower two paddocks away was less lucky.

- Coonawarra

Sadly I can not report that all is harmonious in Coonawarra; that'll have to wait for another time, maybe. Instead I can report that researchers at Flinders University in Adelaide have concluded that the Coonawarra's terra rossa soil is a mere 150,000 years old and is wind-blown silt and dust. This contradicts previously-held theories that it had weathered out of the limestone bedrock. Though to be fair, I do seem to recall a prominent Adelaide-based Coonawarra grower, at a tasting he ran in London some years ago, saying that the red dirt was wind-blown sand from Western Australia and thus constituted WA's main gift to red winemaking.