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Wine label Penfolds is celebrating 170 years by releasing a shiraz with a difference, writes Julie-anne Sprague.

Treasury **Wine** Estates chief executive Michael Clarke is taking a cold approach to the winemaker's brands as part of a fresh strategy to revive earnings for the world's largest stand-alone listed **wine company**.

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Clarke has no emotional attachment to brands, instead focusing on **wine** labels, cutting costs, and improving consumer marketing.

However, he does makes an exception.

"If I'm totally honest, I am emotional about Penfolds," Clarke told investors last month in his first public comments since being recruited to improve Treasury's fortunes. "Thank God we've got that in our portfolio."

This month is crucial for Penfolds and Treasury. Penfolds is the engine room of Treasury's profit and critical for the **group** to achieve full-year earnings guidance.

The annual May release of Penfolds' icon wines, including Grange, is always met with great fanfare but this year comes with a huge weight of expectation.

Penfolds is without a 2008 Grange, the **wine** that received a perfect score from Robert Parker's **Wine** Advocate, triggering – to the disgust of some **wine** retailers – price rises before it even hit the retail shelves this time last year. The 2009 – yes, priced the same as the 2008 at \$785 a bottle – will no doubt be good, but it's no 2008.

At the same time, **China**'s demand for luxury wines is faltering.

Recent figures released by **Wine** Australia show exports of premium red wines – or wines priced about \$7.50 a litre – have slipped 11 per cent in the year to March, compared with a 6 per cent drop for all bottled **wine** exports to **China**. Rabbit out of a hat

So how does Penfolds pull a rabbit out of its hat, and generate fresh excitement and all-important sales?

With a parcel of fruit from its old vines at block 3C in the Barossa Valley's Kalimna vineyard and help from the Queen's nephew, David Albert Charles Armstrong-Jones, Viscount Linley.

David Linley, the son of Princess Margaret, chairs his bespoke furniture and cabinetry **company** Linley. He is also chairman at auction house Christie's UK.

Linley been commissioned to design special wooden boxes for a special release **wine** – the 2010 Bin 170 Kalimna shiraz, a single vineyard **wine** not made since 1973.

Launched by Penfolds winemaker Peter Gago in London, on May 1, at \$1800 a standard bottle it is the most expensive bottled **wine** released by Penfolds in its 170-year history (its most expensive release is the \$168,000 ampoule, released in 2012).

Launching the shiraz in London, the birthplace of Penfolds founder Christopher Rawson Penfold, lends old world charm to the new world producer celebrating its 170th year.

The original Bin 170, released only once before in 1973, was meant to be blended with Bin 169 Coonawarra cabernet sauvignon to create a Bin 60A. Instead it was released as a stand-alone **wine**.

This **wine** has been made many times since and, while it has never been commercially released, it has occasionally been entered in **wine** shows, winning a swag of gold medals for Penfolds.

Usually, the **wine** from Block 3C is blended for Grange. Limited supply

Penfolds doesn't usually reveal how limited its supplies of elite wines are. It has made a rare exception for the 2010 Bin 170 Kalimna shiraz, which will be **sold** in imperials, magnums and standard bottles. All up, there are just 5544 bottles.

Of those, there are 11 imperials (six litres) – with only seven released commercially for \$65,500. There are about 5000 magnums, priced at \$4800 a bottle.

The bottles are housed in bespoke wooden cases designed by Linley. The imperial box features a compass and can only be opened with the combination of the longitude and latitude co-ordinates of Penfolds' Magill Estate.

Linley began the design in June 2013. The boxes took about 80 hours to craft and a further 40 hours to polish, plate and engrave; the time involved was largely due to the complexity of the engineered locks. The lid is customised with the buyer's name accompanying the bottle number.

The cachet of special packaging is usually reserved for a **wine** other than shiraz, says Phil Hude, who runs Armadale Cellars in Melbourne.

"Champagne has always relied on packaging to offer something different," Hude says. "It creates interest and some hype. When Penfolds did that ampoule they may have only made a dozen but look how much coverage they got for it. It was worth **millions**."

Vince Salpietro designs cellars for wealthy executives, including BRW Rich lister Nigel Satterley. He expects the **wine** to flow to the cellars of **Chinese** multimillionaires and says Penfolds are taking a leaf out of the marketing playbook mastered by Bordeaux first growth producers. Captivating story

"Before you have even tasted it, you are so into the story of where the **wine** is from, how it has been crafted and everything else that it can taste like vinegar and you'll love it," Salpietro says.

Such is the power of luxury.

But Gago is staking his reputation of what's in the bottle. And it's not vinegar. Unblended and matured for 16 months in French oak, 55 per cent new, the 2010 Bin 170 Kalimna Shiraz can be cellared until 2055, long after Penfolds turns 200 in 2044.

"Why does this luxury stuff belong to the French? Why doesn't little old Australia play with the big boys?" Gago argues. "With our reds, we are right up there."

Critics will jump on this release as being a gimmick. A Bin 170 released as Penfolds celebrates its 170th anniversary?

Gago is quick to point out that the **wine**, which has been in bottle since 2011, was supposed to be released last year – proof that the **wine** is the real deal.

"It didn't have the name 170 but it was **wine** we had kept to one side," Gago explains. "It was meant to be released last year but someone around the table said guess what? We are turning 170 in 2014. It wasn't purpose built to be a commemorative but it couldn't have worked better."

He says deciding whether the **wine** could make a standalone product, worthy of special status, is challenging. "If you were to listen to the bean counters there'd be a special bin release every three years," Gago says.

Wine buyers in Australia can pick up bottles at Penfolds' cellar door, Langton's or at Duty Free stores.

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