AUSTRIA JUICE

Balancing demand and production – Existing demand and growth opportunities

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- Global production overview
- General market overview, market segments
- Price developments
- Consumption trends
- Growth Opportunities

Global production overview - Crop volume estimates

Land	2006	2007	2008	2009	GUS	2010	GUS	2011	GUS	2012	GUS	2013	GUS
DK	9,0	6,8	9,2	8,5		10,9		8,4		8,9		12,0	
GER	7,0	4,5	5,5	5,5		6,0		4,5		5,0		9,0	
PL	130,0	95,0	115,0	85,0	145,0	110,0	146,0	80,0	124,6	95,0	144,5	105,0	151,6
LIT	10,0	5,0	4,0	n.a		7,0		7,0		8,0		8,0	
UK	14,0	13,2	13,5	14,3		12,3		10,7		9,5		14,0	
Others	20,1	14,3	14,6	15,5		34,1*		39,7*		45,3*		50,6*	
EU	190,1	138,8	161,8	128,8		180,3		150,3		171,7		198,6	
NZE	n.a.	9,9	9,1	6,5		6,5		9,0		7,9		8,4	
Others	15,1	17,6	14,6	1,1		0,5		15,0		11,6		9,2	
WORLD	205,1	166,3	185,5	136,4		187,3		174,3		191,2		216,2	

Sources: IBA estimates 2006-2013, GUS Poland 2009-2013
* Including Ukraine

Key facts I

- Poland accounts for min. 50% of world production (can reach up to 78%!) and 70-75% of the EU-production (without UA)

- Black currant is mainly EU(Polish) - product, EU-trade with third countries is marginal ! Almost no imports from third countries - > competition mainly within EU, almost no influence from outside

- Between 1999-2004 acreage in EU increased from 35.000 to 49.000 ha

- Already in 2003/2004 overproduction of around 30-40.000 t in comparison with industry needs (estimated by EU-Commission at 120-130.000 t annually)

Key facts II

- European fresh market is marginal, Juice industry consumes 2/3 of total production within EU

- Increase of acreage in the last 3 years from 25.000 – 27.000 ha (+10%) in Poland

- Under normal conditions (weather, precipitation) oversupply situation

- Especially fragmented farm- and processing structure is impacting price situation

- Lessons learned from the past ?????   ->

Blackcurrant balance
Demand & supply Situation in Poland 2009/10 – 2013/14

in 1.000 t	Fresh fruit export	IQF production	Concentrate production	Fruit for other industry (jam…)	Internal fresh consumption	Total demand	Crop (GUS)	Delta
2009/10	3	19	63	6	10	101	145	+44
2010/11	2	19	65	6	10	102	143	+41
2011/12	2,5	15	53	6	10	86,5	127	+40,5
2012/13	7,5	21	45	6	10	89,5	149	+59,5
2013/14	5	29	75	6	10	125	152	+27
Total	20	103	301	30	50	504	716	212

Sources: Own calculations, GUS; B. Nosecka

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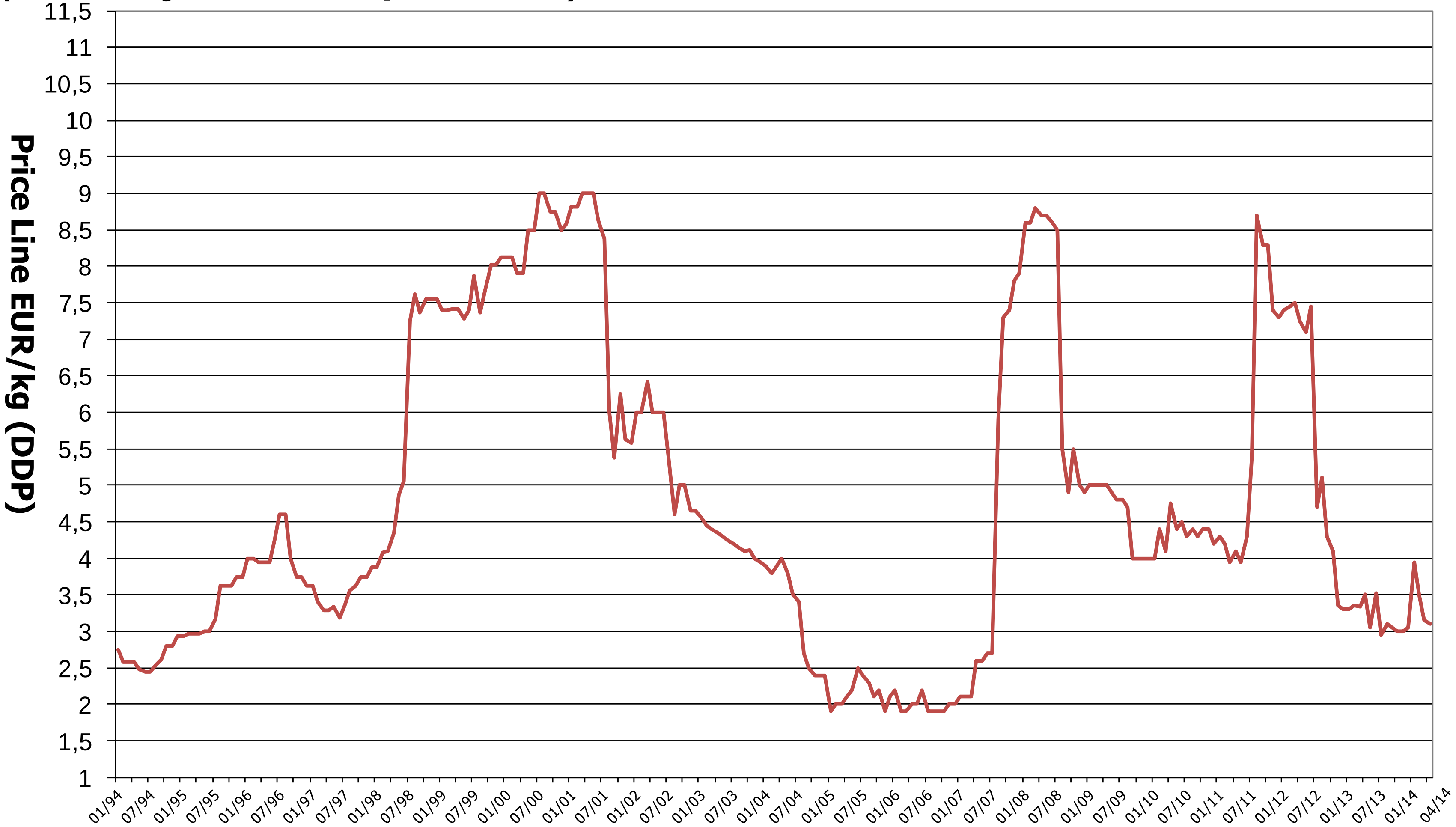
European Commission paid attantion on overproduction problem in 2007

Levels of industry needs

- Balanced production at EU level with 140-160 000 tonnes and total supply to industry at around 120-130 000 tonnes: 35 000 tonnes to freezing and 80 000 tonnes to concentrate
- In 2003 and 2004 over-supply of around 40-60 000 tonnes

ENESAD 26 January 2007

Blackcurrant Juice Concentrate
(January 1994 – April 2014)



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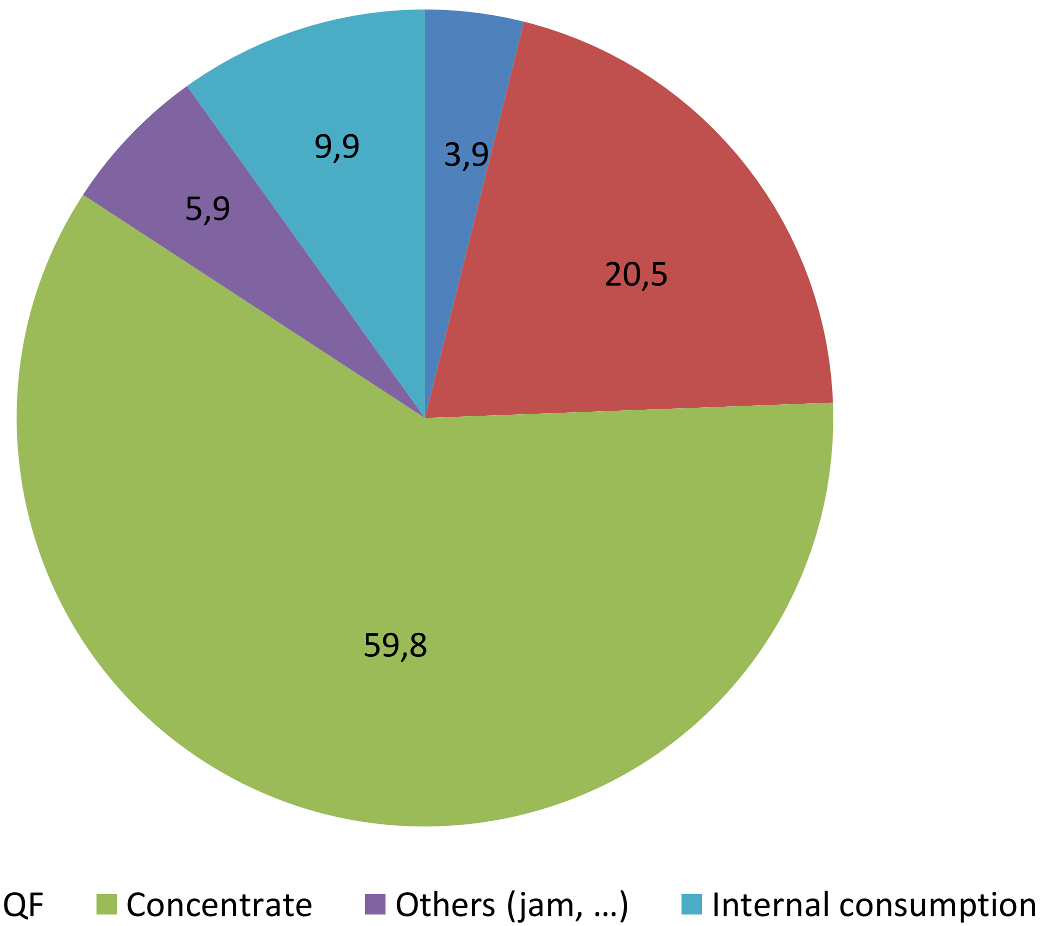
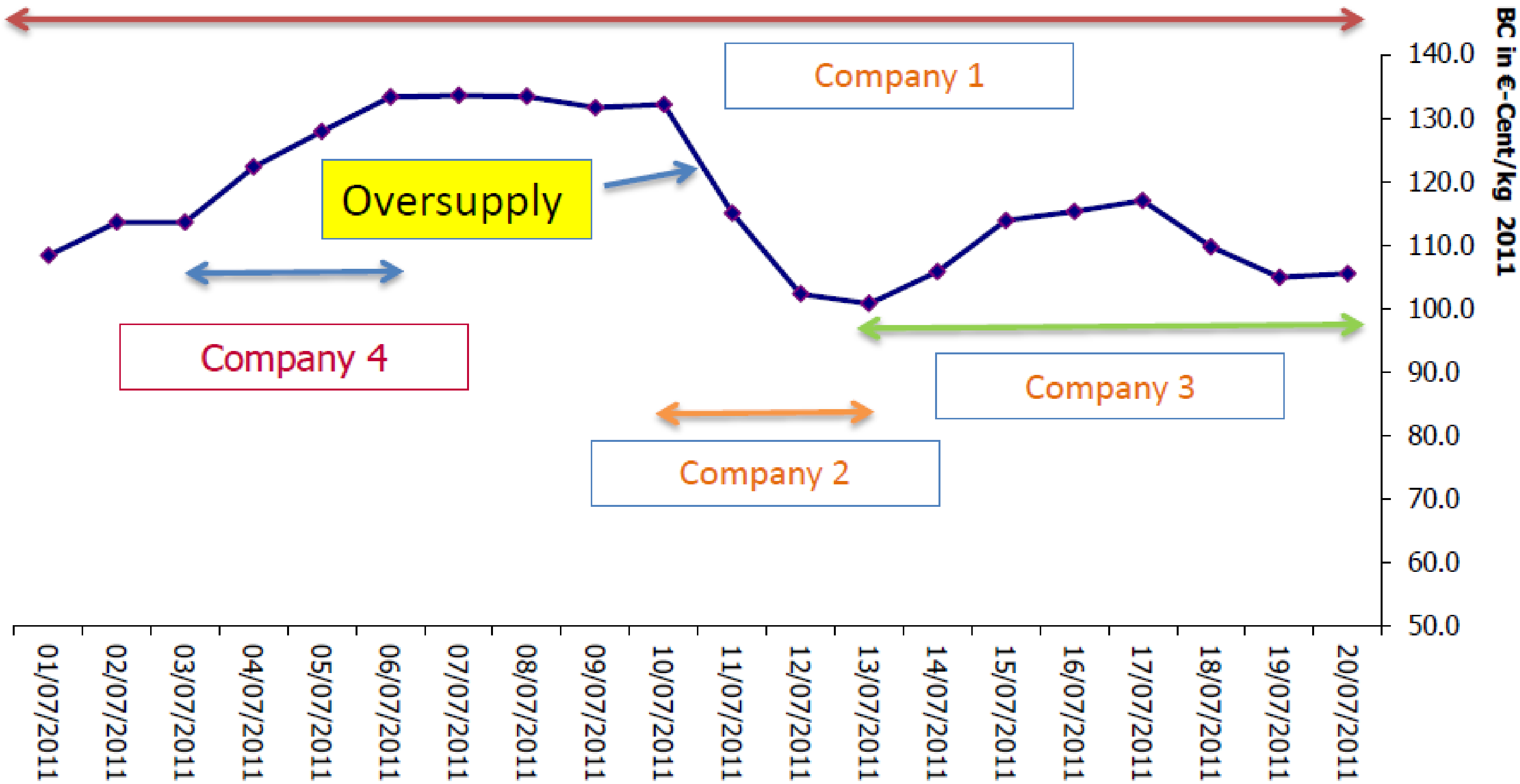
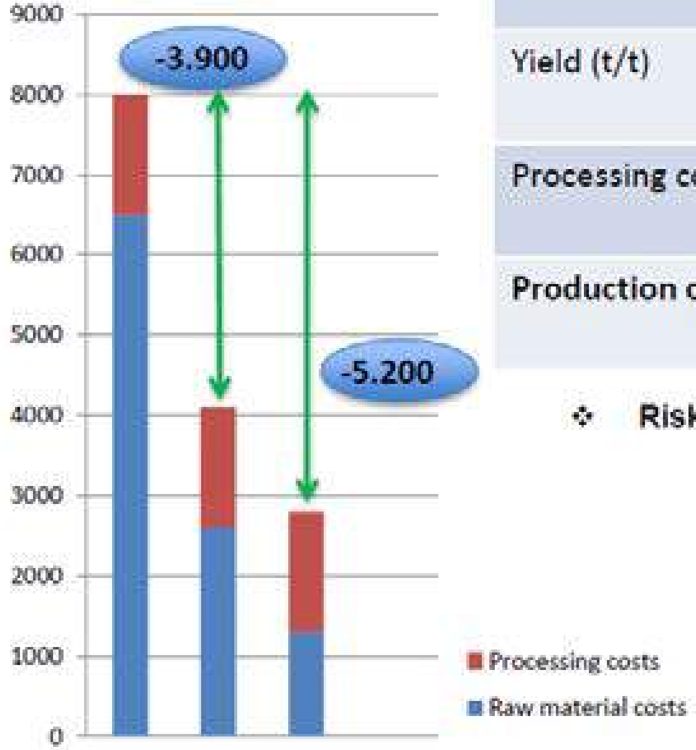
Market Segments BC Poland



Raw material price development



Examples



In EUR	Year 1	Year 2	Year 3
Raw mat. Price/t	1.000	400	200
Yield (t/t)	6,5	6,5	6,5
Processing costs/t	1.500	1.500	1.500
Production costs/t	8.000	4.100	2.800

- **Risk of devaluation of not-contracted volumes:**

  e.g.: 200 t (= 1.300 t of raw material) of concentrate, not contracte

  Option 1: 200 t x 3.900 EUR/t = 780.000 EUR/t

  Option 2: 200 t x 5.200 EUR/t = 1.040.000 EUR/t

Marketing to the industry I

- UK: direct contracts between individual growers and processing industry, multiannual contracts

- DK: 2/3 of volume for concentrate, rest for IQF, puree, NFC – future development ?

- Germany: mainly concentrate and NFC (partly on contract basis, rest spot market)

- France: for liqueur industry, for juice concentrate/NFC, small volumes IQF

- NZL: focus on Japanese market (added-value-products, ,…..)

Marketing to the industry II

- **Poland:**

Highly fragmented supplier-side, limited level/low of organization

(production volume of 75% of EU-crop has price-driving power)

Prices of raw material highly volatile, purchase prices mainly on SPOT basis

No direct link between grower/industry/bottling company

Consumption of juice /IQF/… as a direct consequence of price development of raw material prices

No adapation of raw material production to market needs

Consumption

- Consumption of juices (mainly nectars and NFC) is strongly influenced by prices of semi-finished products and competing drinks (near water drinks, other fruit juices, CSD) -> Further development needs to be seen in a global context of juice consumption !

- For nektar drinks black currant concentrate is replaced by black currant – NFC

- IQF is second biggest “outlet” for black currant fruits (grown segment in the last years)

- Consumption of food-products incorporating black currants (Jam, preserves,…) is stable

Blackcurrant concentrate NZL export markets & volumes 2010-12 (in tons)

Market (volumne)	**2010**	**2011**	**2012**
Malaysia	747	555	750
Australia	176	147	252
United States of America	8	0	67
Japan	63	112	61
Philippines	89	55	55
European Union	0	18	39
China	55	94	20
Korea	0.558	18	14
Barbados	0	0	18
Canada	0	0	23
Taiwan	0	10	1
Total	1,137	1,008	1,300

Sources: Statistics New Zealand

IQF blackcurrant NZL export markets & volumes, in tons)

Market (volumne)	**2010**	**2011**	**2012**
China	215	184	451
Japan	332	170	187
Australia	116	70	77
Taiwan	0	5	12
Korea	0	1	10
Malaysia	1	1	0.50
Fiji	0	0.26	0.15
New Caledonia	0	0.12	0.14
Norfolk Island	0	0.03	0.03
Hong Kong	1	0	0
Singapore	1	0	0
Thailand	0	0	0
Total	668	431	738

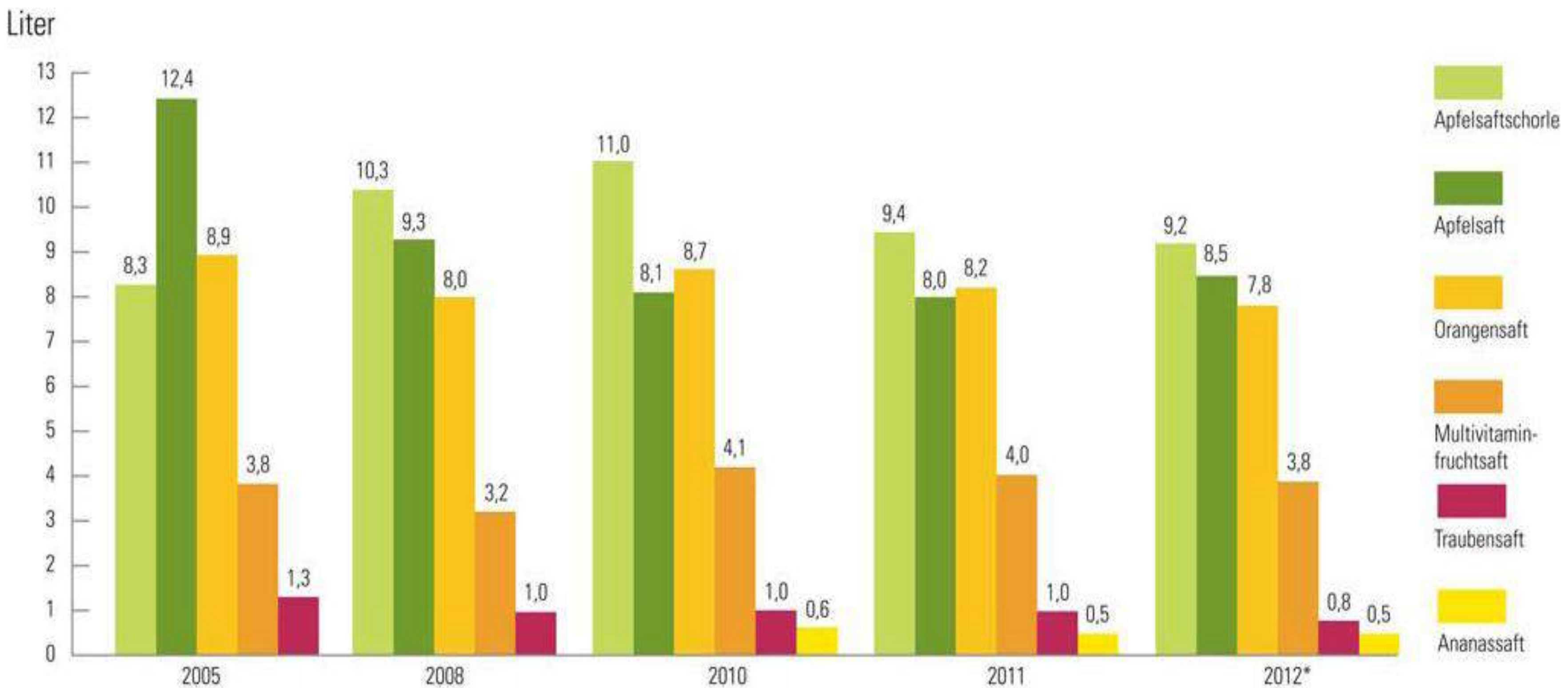
Sources: Statistics New Zealand

Other blackcurrant NZL export markets & volumes 2010-12 (in tons)

Market (volumne)	**2010**	**2011**	**2012**
Japan	7	6	24
Australia	67	149	61
China	252	148	121
Taiwan	0	2	0.23
United States of America	115	25	7
Korea	0	9	22
European Union	0	0.01	0.10
Malaysia	0	0	0.01
Nigeria	0	0	0.29
French Polynesia	0	0.81	1
Pacific Islands	0	0	0.07
Fiji	0	0.31	0
Singapore	1	0.01	0
Switzerland	1	0	0
Hong Kong	0	0.15	0
Total	442	338	235

Sources: Statistics New Zealand

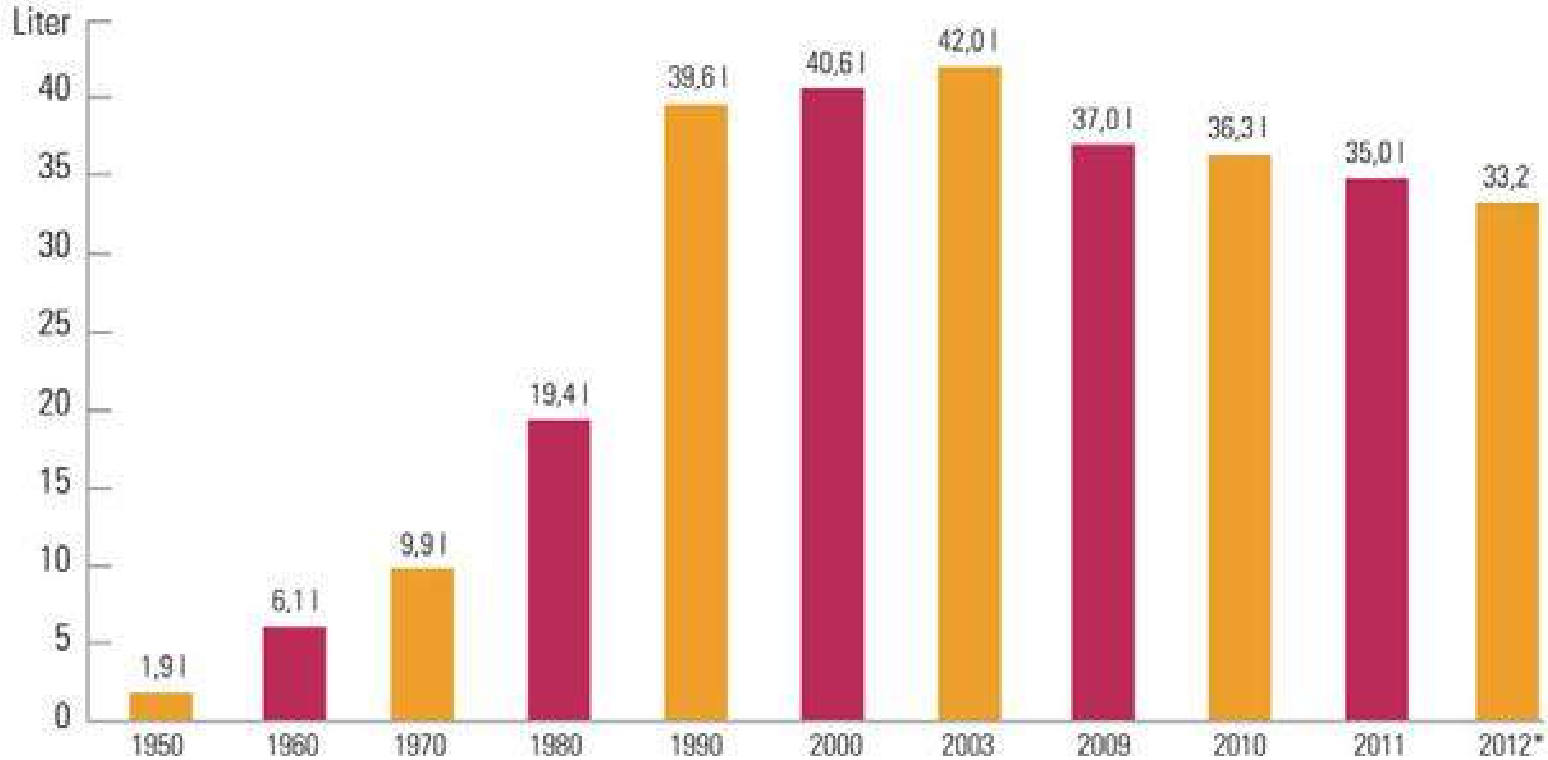
Per capita consumption of the most popular juices and apple spritzer in Germany (2005 – 2012)



Sources: GFK, Verband der deutschen Fruchtsaftindustrie (VdF)

* preliminary

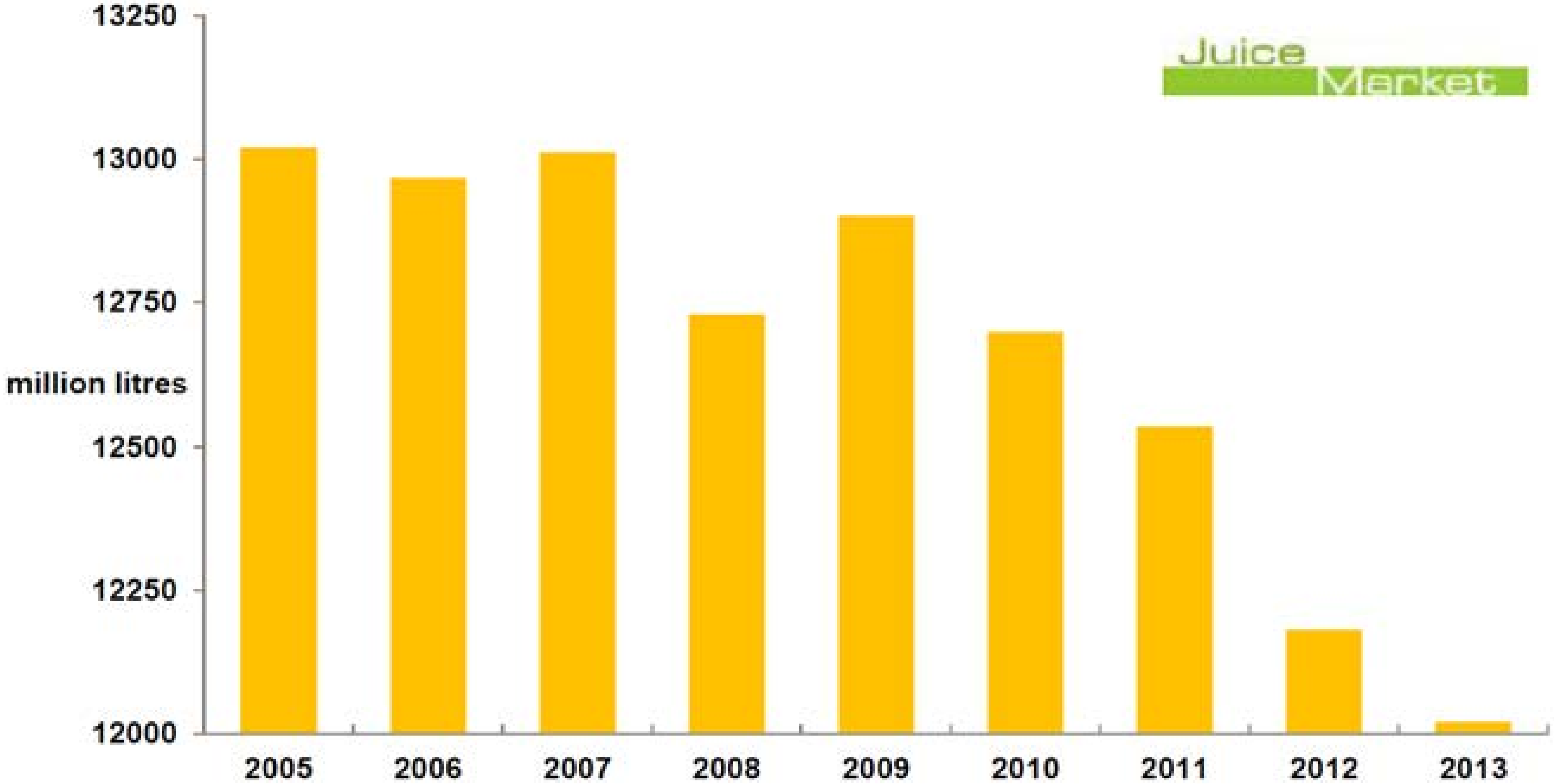
Per capita consumption of juices/nectars in Germany (1950 – 2012)



Sources: GFK, Verband der deutschen Fruchtsaftindustrie (VdF)

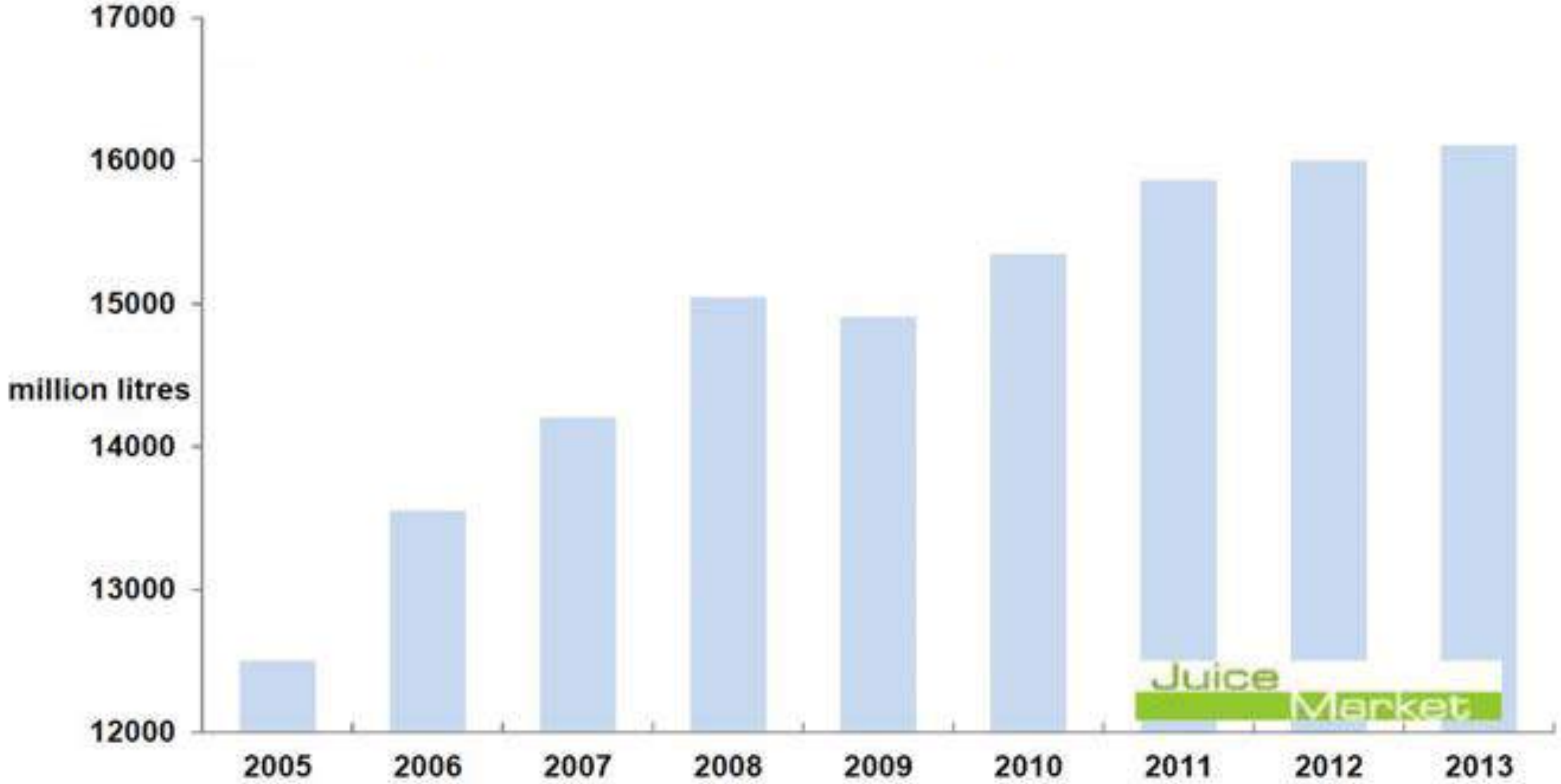
* preliminary

Global consumption of orange juices and nectars (2005 – 2013)



Sources: Juice Market research, trade association data

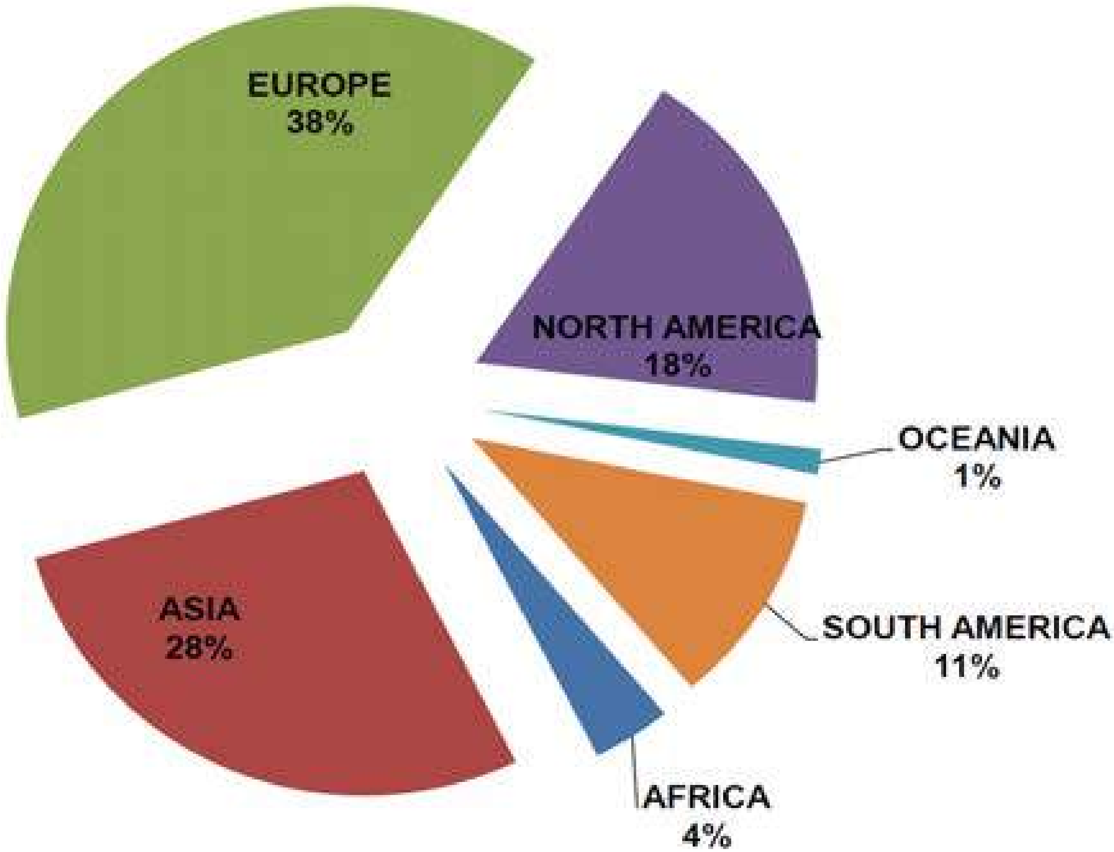
Global consumption of minor juices* and nectars / tropicals (2005 – 2013)



Sources: Juice Market research, trade association data

*excludes orange, apple, pineapple, grapefruit juice

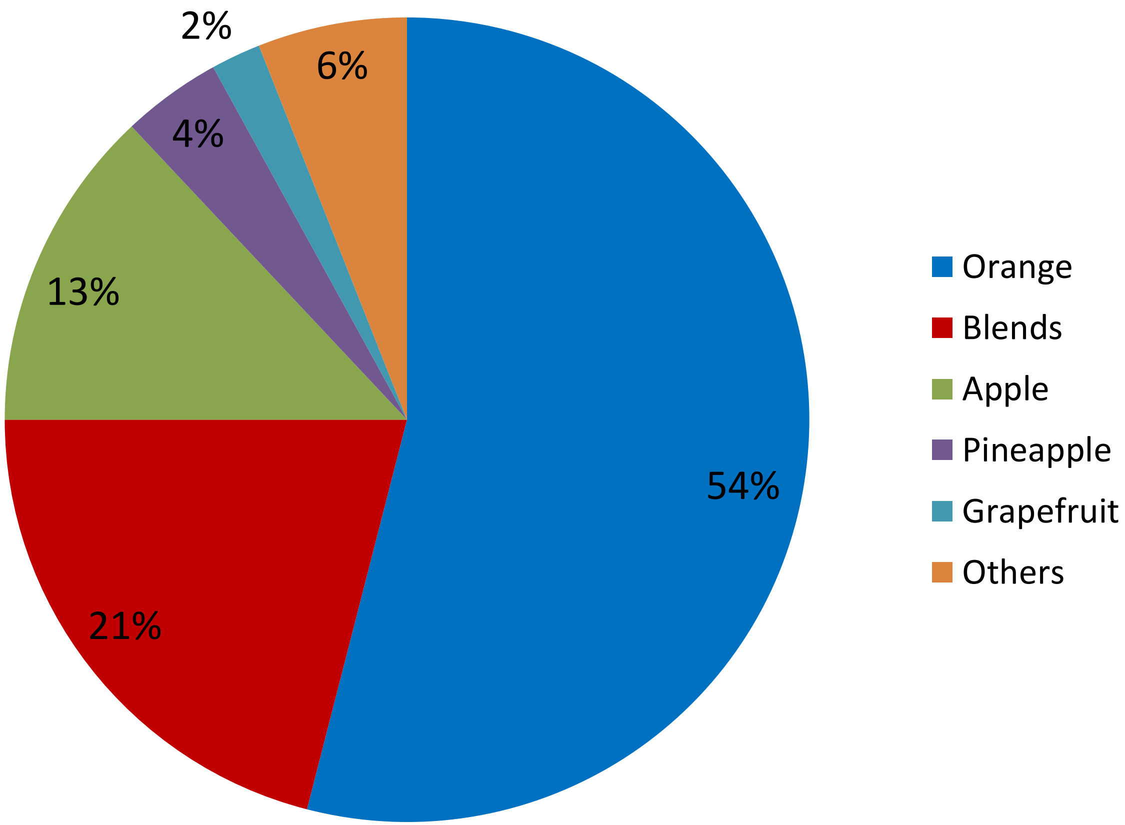
Global consumption – 2013 (e)
minor juices* and nectars / tropicals



Sources: Juice Market research, trade association data

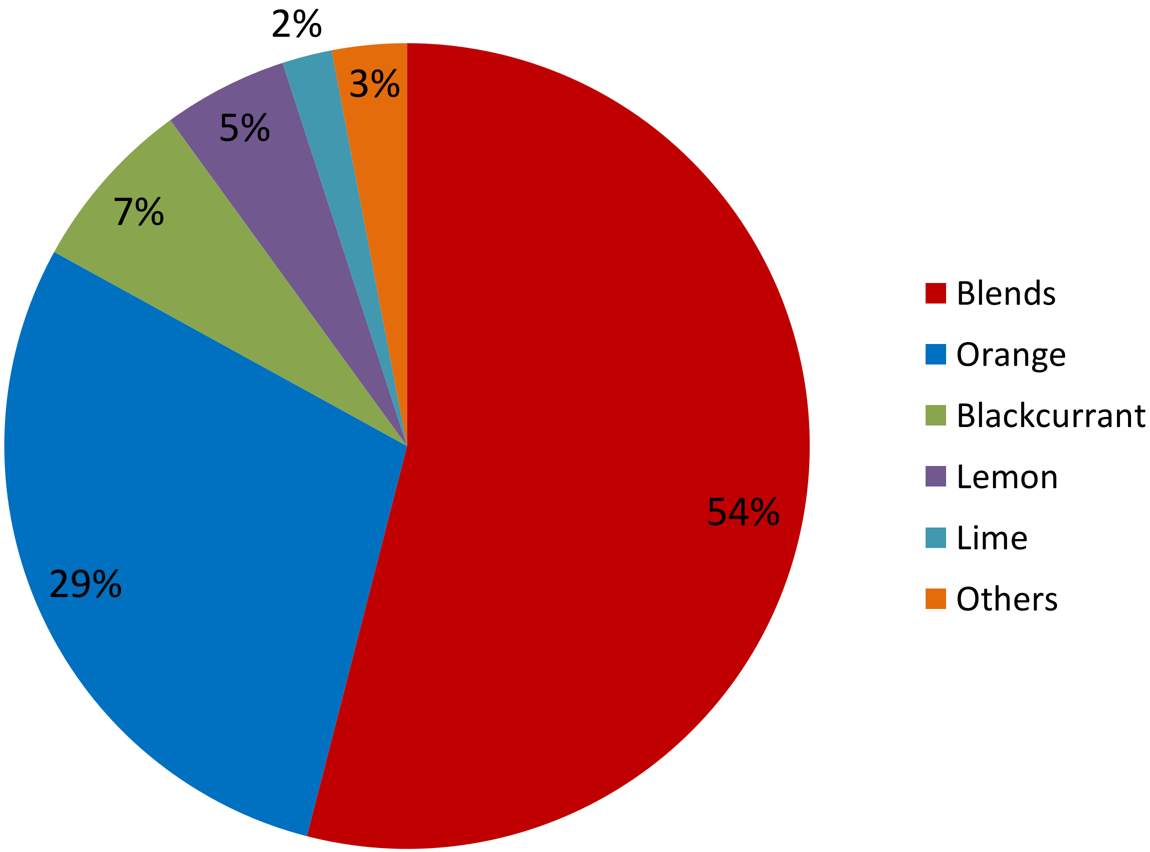
*excludes orange, apple, pineapple, grapefruit juice

UK fruit juice flavors' market share 2013



Sources: Foodnews , May 2014

UK dilutables flavors' market share 2013



Sources: Foodnews , May 2014

Consumption – growth opportunities - approach

- To make use of growth opportunities **<u>the APPROACH</u>** has to be respected:

- Black currant business = globally traded for all parts of the chain,
  Full year availability for processors
  - Trade barriers
  - Non-trade barriers: food quality, food safety, authenticity

- Building of partnerships between 1st and 2nd processors

- Contract supplies, especially for products beside IQF&juice

- Network of technology, platforms (growers, R&D, traders, processors)

- Drivers of new business opportunities: producers of ingredients, supplements, technology-based companies (Value added products = technology driven or niche-driven)

Consumption – growth opportunities

- ✓ Growth opportunities for juice limited due to consumption trends (despite well known health-benefits) in the main market outlets (EU)

- ✓ Growth opportunities outside EU currently limited (Asia, US, Africa), also due to pesticde- issues (US)

- ✓ Growth opportunities for food products (incl. IQF, jam) limited due to stable consumption

- ✓ Growth opportunities in niche-products and specialities (cosmetics, dried fruits, powder, colour-extracts, aromas, seed, seed oil,)

Poland urgently needs adaption to market demand, as main outlet will remain IQF and Juice, else there will be no chance to stabilise raw material prices (under normal weather conditions)