

17th September 2014



Olive oil market update and the growth of Australian EVOO



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Agenda



1. 2014 so far...
2. Global EVOO prices and Spanish crop outlook
3. Australian supply and retail demand
4. Key factors affecting the Australian EVOO category
5. Where to next for Australian EVOO?
6. Summary



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2014 so far ...



- ✓ Local consumers continue shift to higher quality, locally grown EVOO
- ✓ Aussies dominate New York Olive Oil Competition for the second year in a row
- ✓ Exports to China down slightly but remain strong
- ✓ Prices improving (again)
- x Crop well down on 2013
- x Confusion about cooking with EVOO
- x HSR concerns



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Forecast Spanish olive oil production in campaign 2014/15

PRODUCTION (Thousands of Tons)	CAMPAIGN 2012/2013	CAMPAIGN 2013/2014	CAMPAIGN 2014/2015 ESTIMATE	Decreased production versus 13- 14	% Change
SPAIN	618,918	1,775,847	710,318	1,065,529	-60%

Source: UPA JAÉN, INTERÓLEO PICUAL JAÉN And AICA



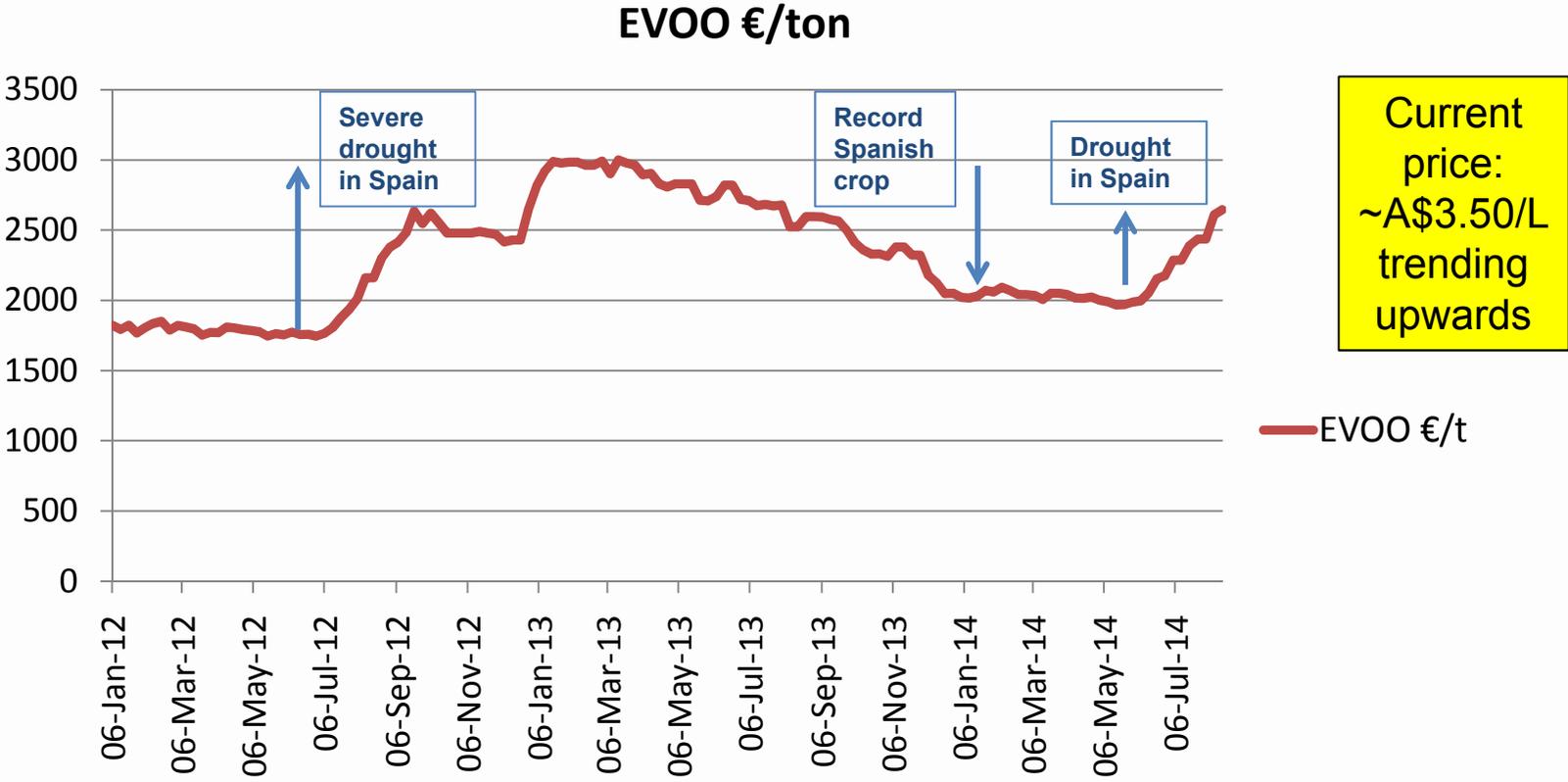
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Global EVOO prices fell 30% during 2013, and have recently recovered to around EUR 2,700/ton



Source: Poolred.com



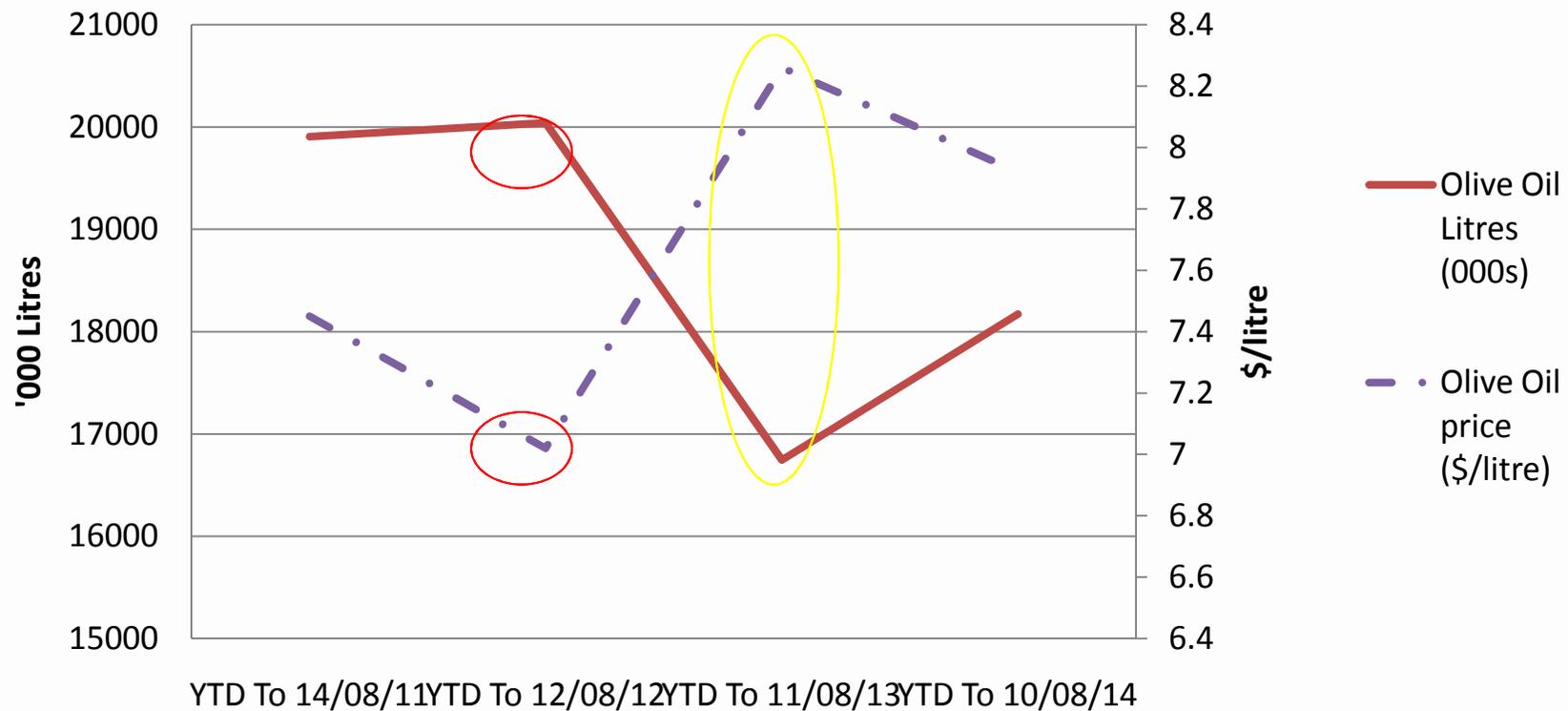
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Australian supermarket sales of cooking oil / olive oil strongly correlated to olive oil prices

Australian grocery cooking oil volume vs price



Source: Aztec grocery scan 2014



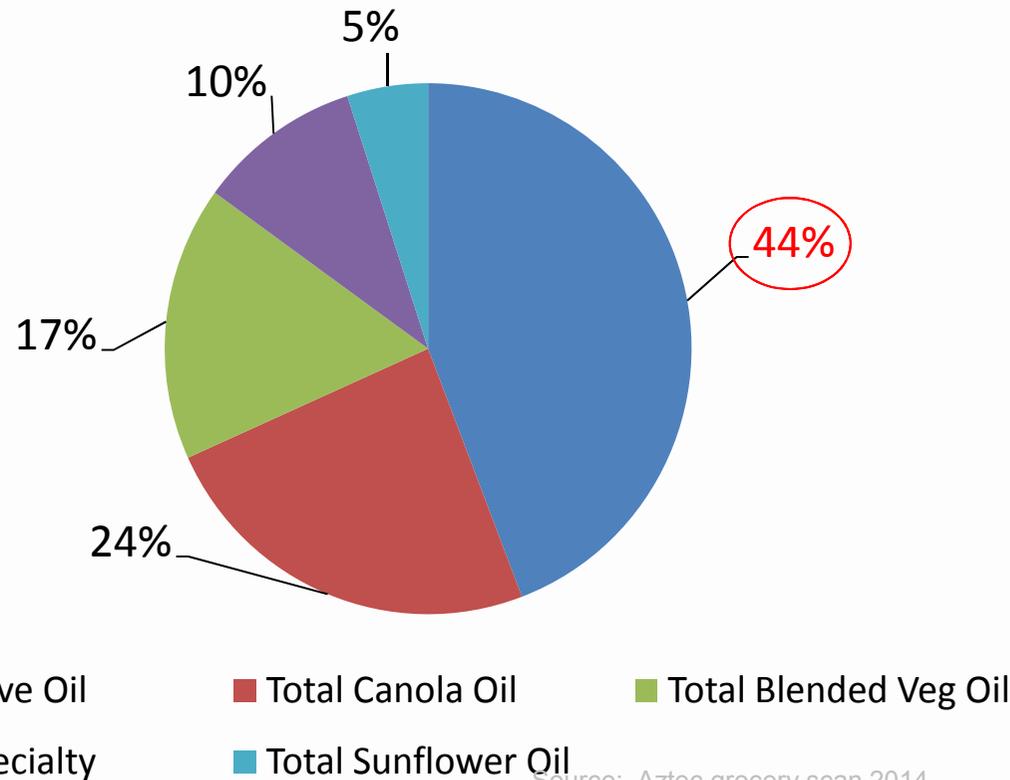
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Olive oil currently accounts for 44% of cooking oil sales in Australian supermarkets (~30m litres)

Australia Grocery Weighted Litres (000s) Share of Total Cooking Oils



Source: Aztec grocery scan 2014



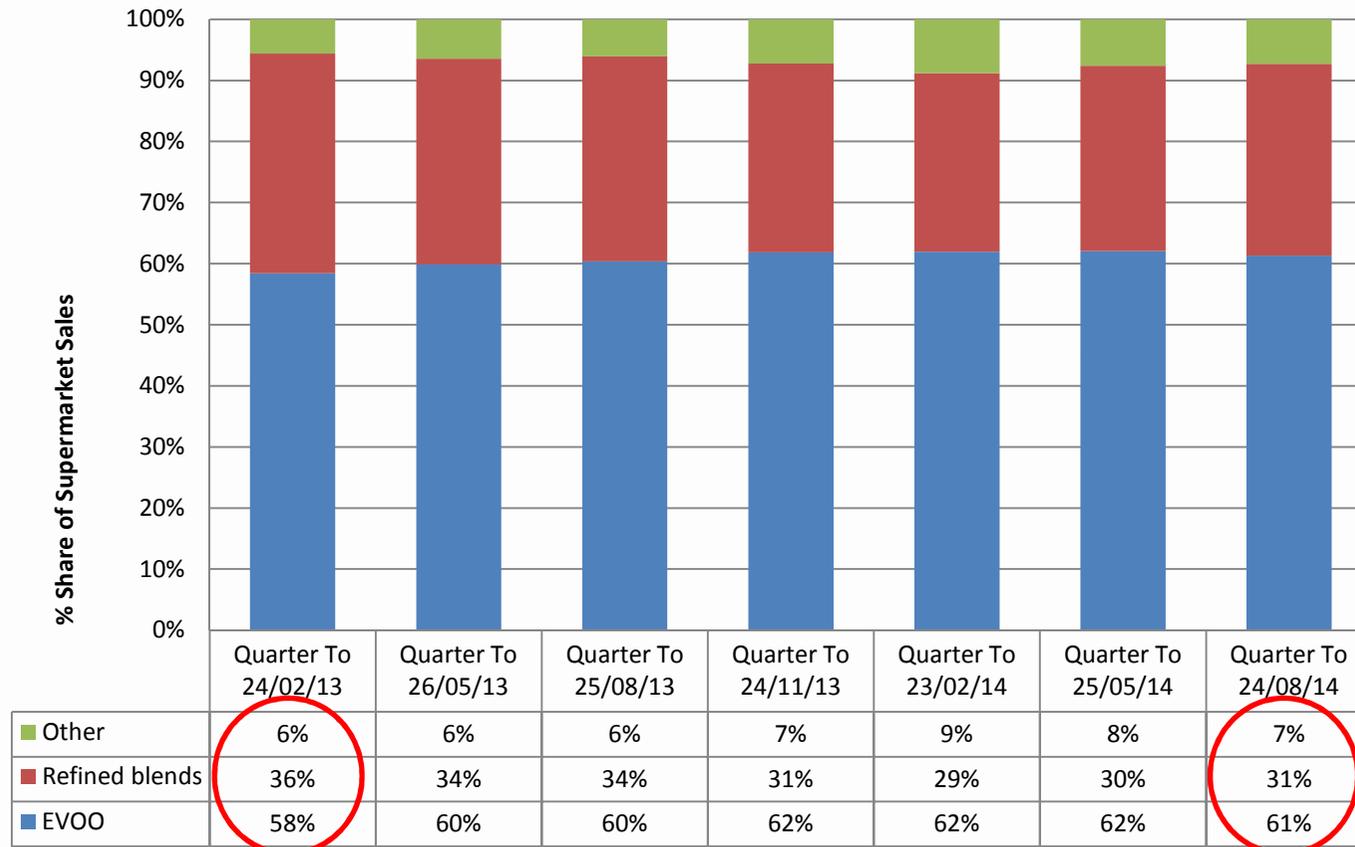
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EVOO currently 61% of total olive oil units sold (up from 56% in Feb 2012, 58% in Feb 2013) ... Refined oil sales down 16%

Share of supermarket olive oil unit sales by grade



Source: Aztec grocery scan 2014



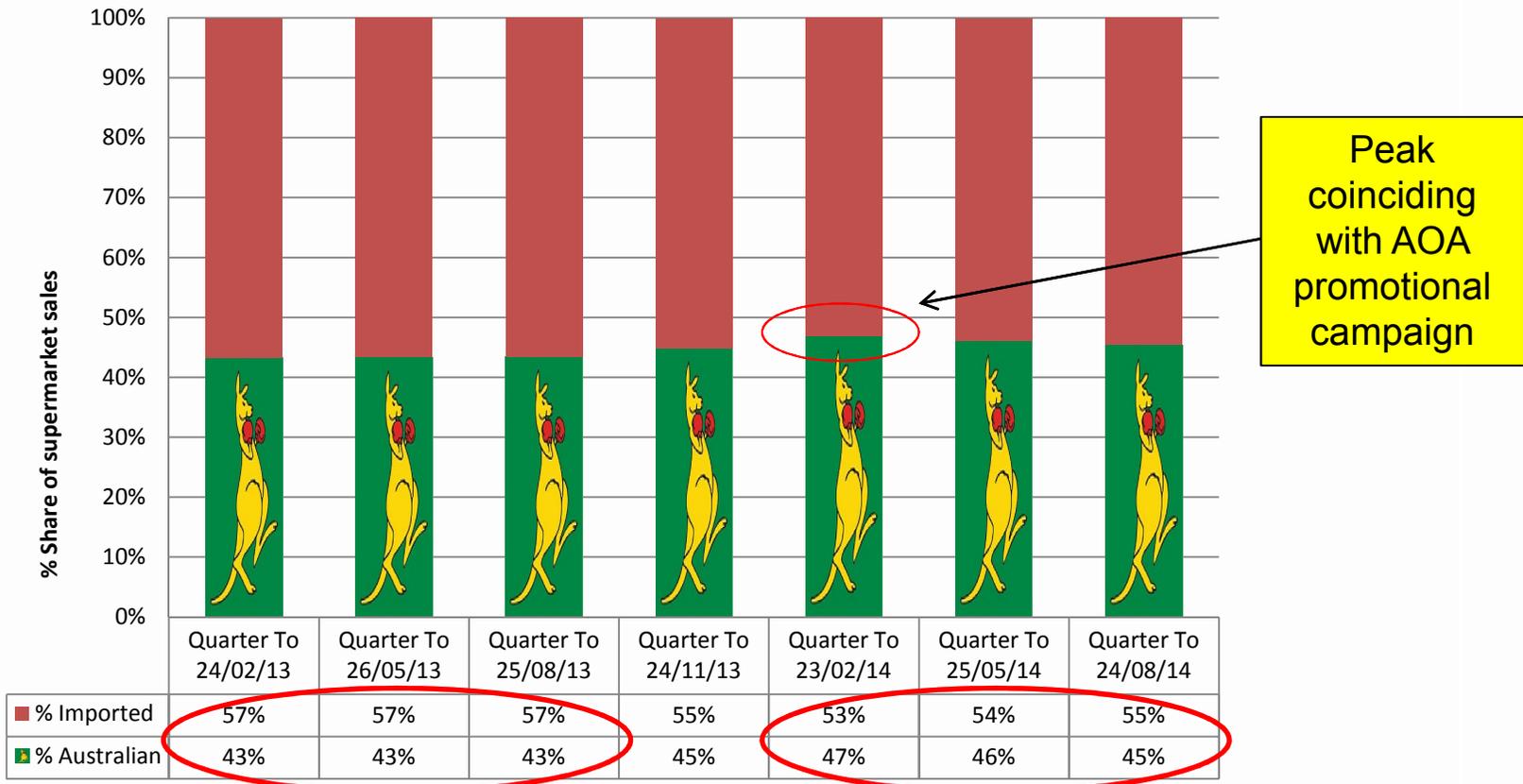
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Australian olive oil share up 7%, currently averaging 46% of total olive oil units sold

Share of Supermarket Unit Sales by Origin



Source: Aztec grocery scan 2014



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Key factors influencing the Australian EVOO category

- Provenance / buy local
- Bulk pricing and promotional activity remains aggressive
- Premiumisation
- Health and wellness



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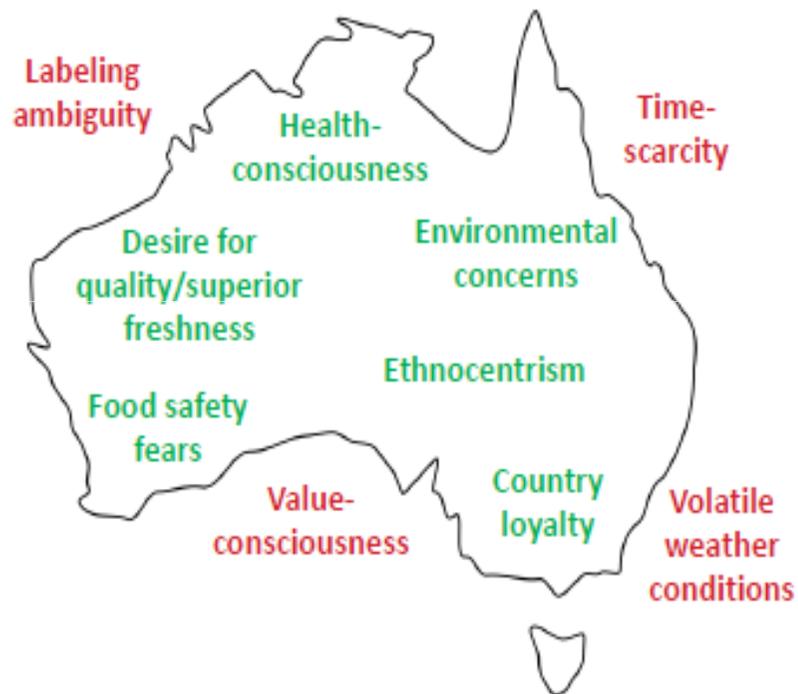
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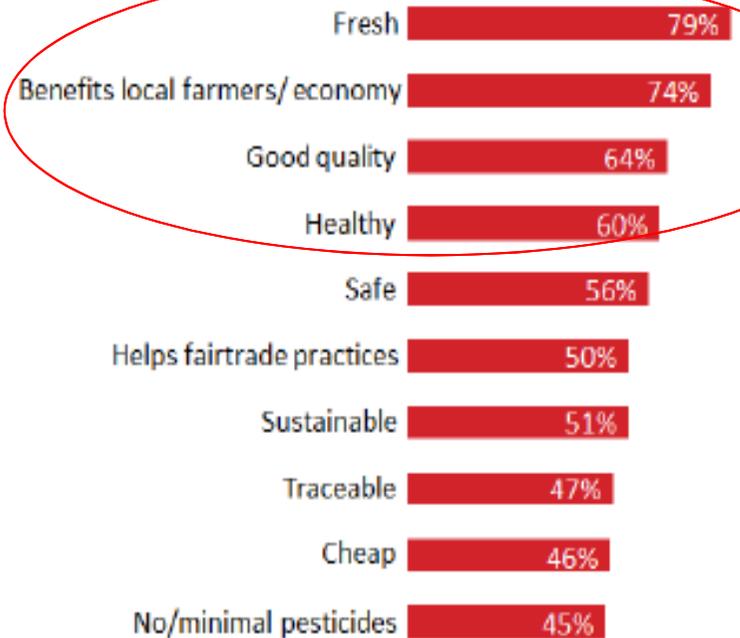
Provenance / buy local

Growth in Australian EVOO reflects macro trends

Drivers and inhibitors of local grocery products²



Australians who consider the following to be major benefits of locally produced grocery products...¹



Source: Datamonitor 2013



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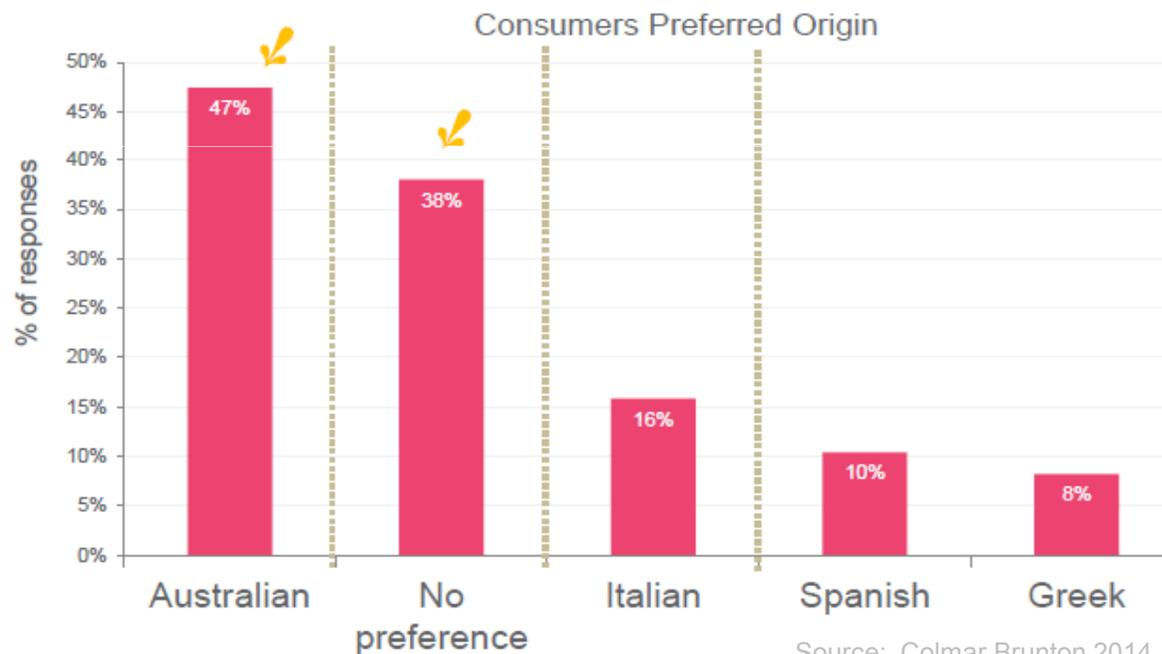
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47% of consumers say they prefer to purchase Australian olive oil, up from 44%. Strong correlation between preference (47%) and units purchased (46%)

Australian provenance is key.

- ▶ 47% of consumers who purchase Olive Oil prefer to purchase an Australian product.
- ▶ However, a large proportion of consumers have no real preference (38%).
- ▶ Communicating provenance is key



Source: Colmar Brunton 2014



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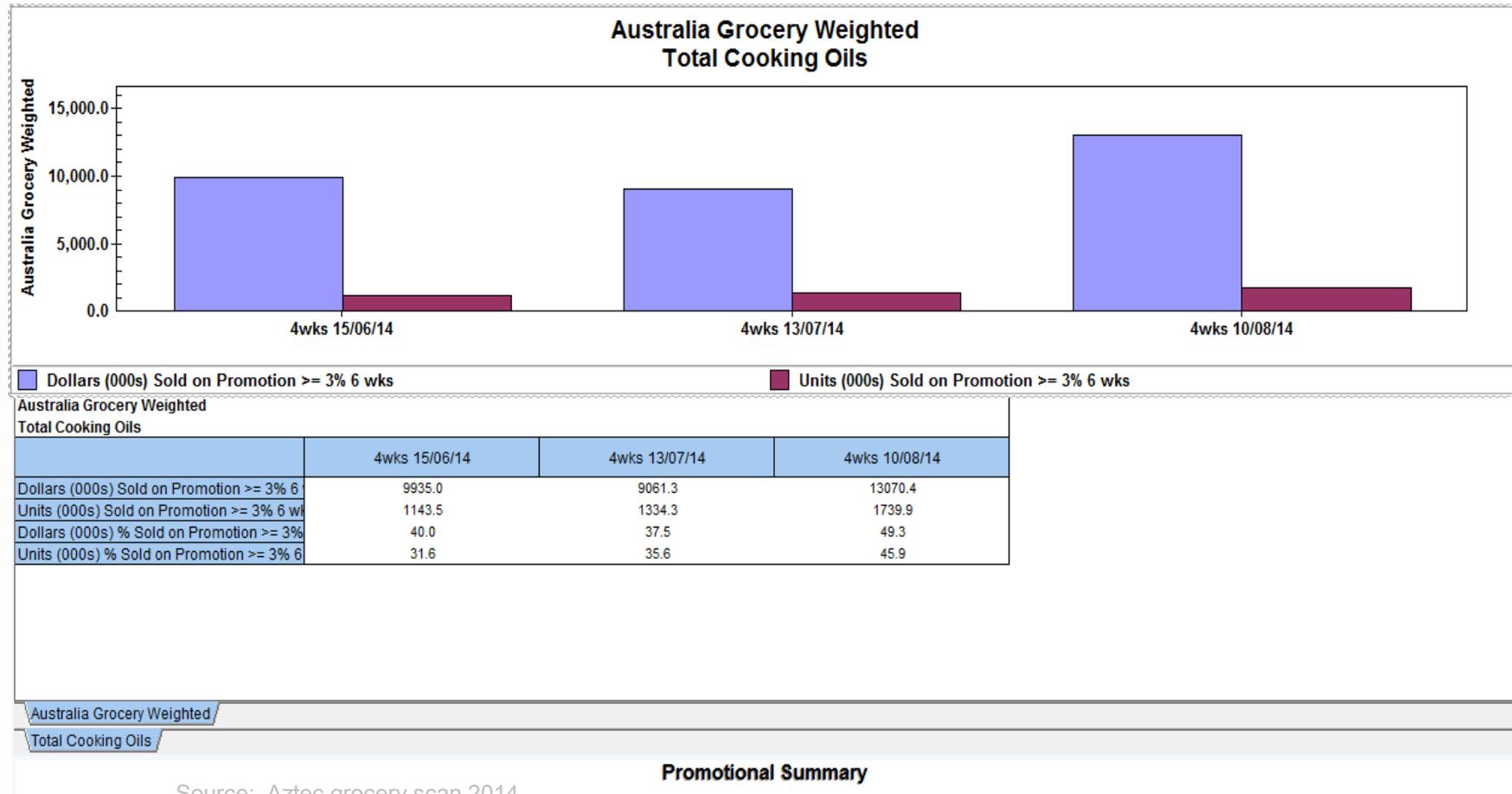
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Pricing remains aggressive

Last 4 weeks 49% of dollar sales / 46% unit sales on promotion



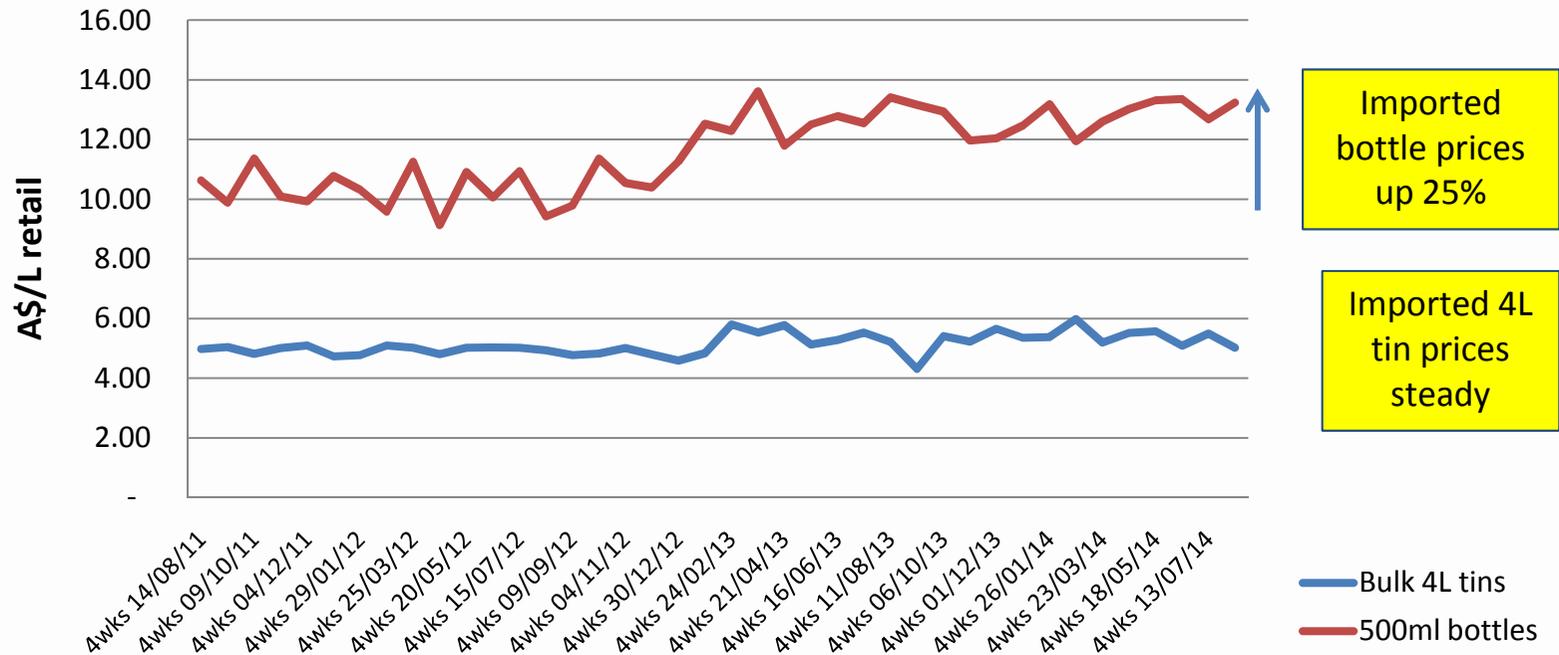
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Imported bottle price up 25% since 2012; 4L tins remain at 2012 levels

Average supermarket scan sales prices for 500ml and 4L EVOO of major imported brands



Source: Aztec grocery scan 2014



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Premiumisation

The premium segment is growing, typified by beautifully packaged luxury oils from France and Portugal



Culina Singapore 2014



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European brands and supermarket private label teams are jumping on the bandwagon



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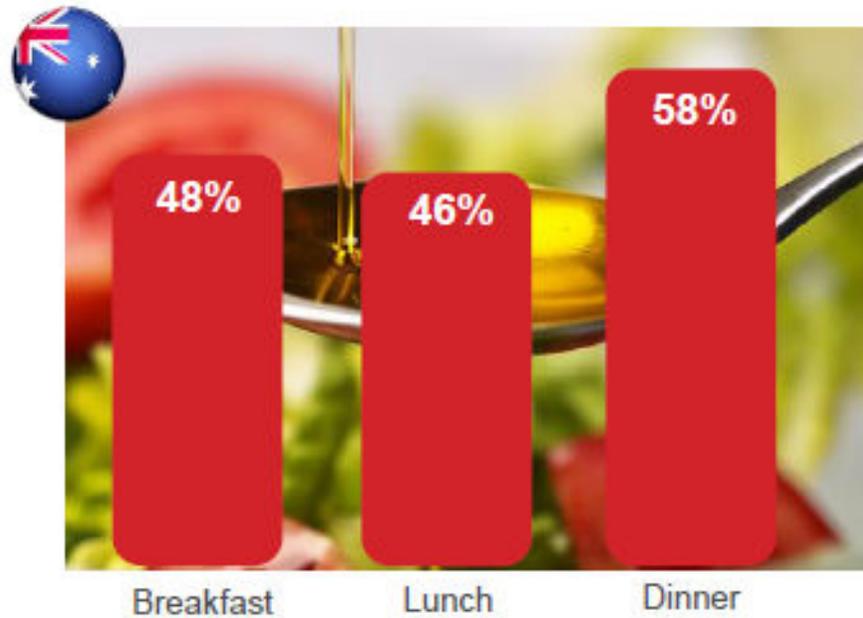
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Health and wellness

Australian consumers interest in health and nutrition exceeds global averages, particularly at dinner time



58% of Australian consumers state that health and nutrition is the most important priority when preparing dinner vs 46% globally

Global (%), 2013

Meal Time	Percentage
Breakfast	45%
Lunch	46%
Dinner	46%

Source: Datamonitor 2013

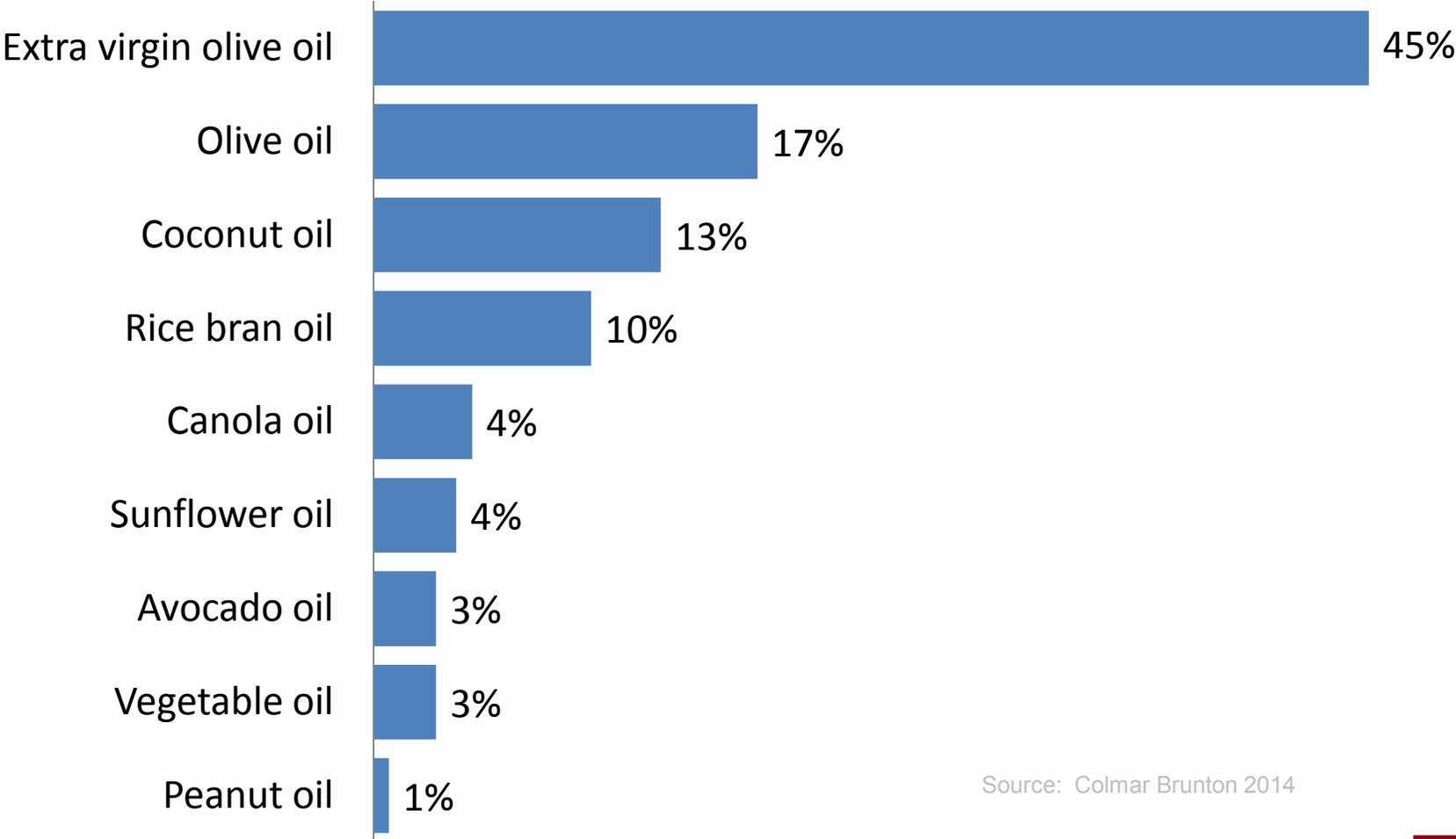


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Currently only 45% of consumers are aware that Extra Virgin olive oil is the healthiest cooking oil



Source: Colmar Brunton 2014



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Key substitutes for olive oil focusing on health benefits, leading to consumer confusion over which products are healthier. The new HSR won't help....



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Olive oil and coconut oil both popular on social media; olive oil focus on recipes, coconut on health

During the last 5 months 49% of Coconut oil mentions are about health vs 6% for olive oil

VOLUME OF MENTIONS: COMPARATIVE VIEW

Coconut oil: 13,399

Olive oil: 30,286

TOP KEYWORDS	COCONUT OIL		OLIVE OIL	
	VOLUME	% SHARE	VOLUME	% SHARE
Skin related	55	1%	785	3%
Weight loss related	314	6%	188	1%
Recipe related	1077	20%	26116	86%
Health related	2636	49%	1892	6%
Hair related	1261	24%	1371	5%

Source: ThinkTank Social 2014

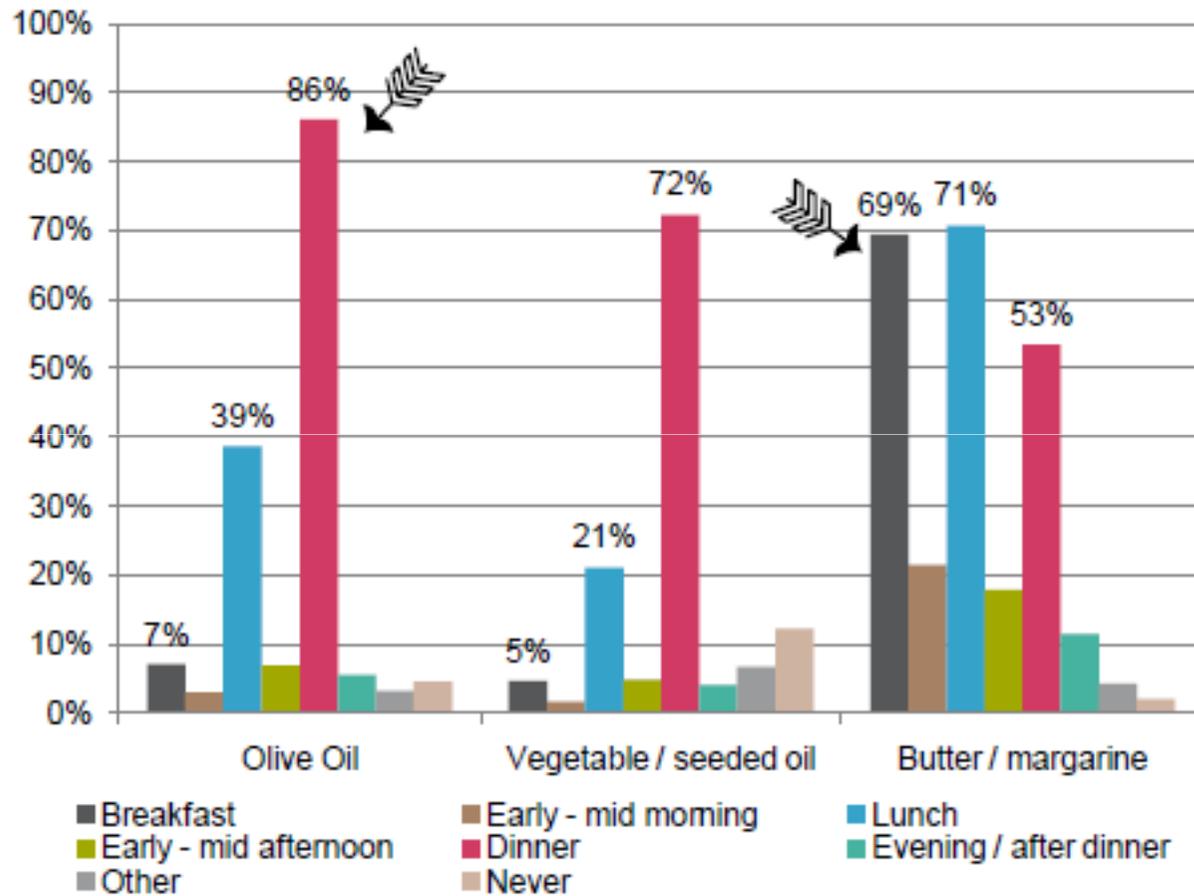


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EVOO usage remains largely dinner and salads



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Where to from here for Australian EVOO?

1. Generate a buzz about *'Extra Virgin olive oil'*

- Extra Virgin olive oil is a real Superfood
- Create a fresh buzz around EVOO
- Include an increase in online dialogue about health benefits

2. Educate consumers on the unique benefits of Australian EVOO

- Marketing and consumer awareness
- Health benefits
- It takes time

3. Debunk the myth that you can't cook with Extra Virgin olive oil once and for all to enable us to expand usage occasions for Australian EVOO

- We need credible evidence to silence the negative comments
- Teach people how to select and use EVOO for all their cooking needs
- Focus on usage occasions dominated by substitute products (frying, baking etc)



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Why this is a good idea....



- ✓ Substantially better health outcomes for Australian consumers
- ✓ Much better experience for consumers... Australian EVOO tastes good and consumers will use more
- ✓ Emotive win with shoppers for supporting Australian-owned and grown products straight from the farmer
- ✓ Hopefully translating into stronger demand and stronger prices for Australian growers!!!



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Summary



- Pricing outlook is positive with smaller crop projected in Spain
- Share growth for EVOO / Australian
- Aggressive pricing / promotional activity to drive store switching
- Provenance, health and wellness, premiumisation
- Huge upside potential for Australian olive growers if we can work together to create a buzz around EVOO and drive usage

Thank-you!



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