Apple market
Outlook season 2018/19

PROGNOSFRUIT CONGRESS 2018

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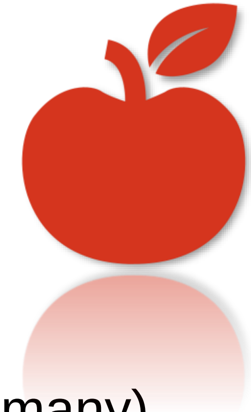
natürlich informiert.

What did we learn from the previous season?

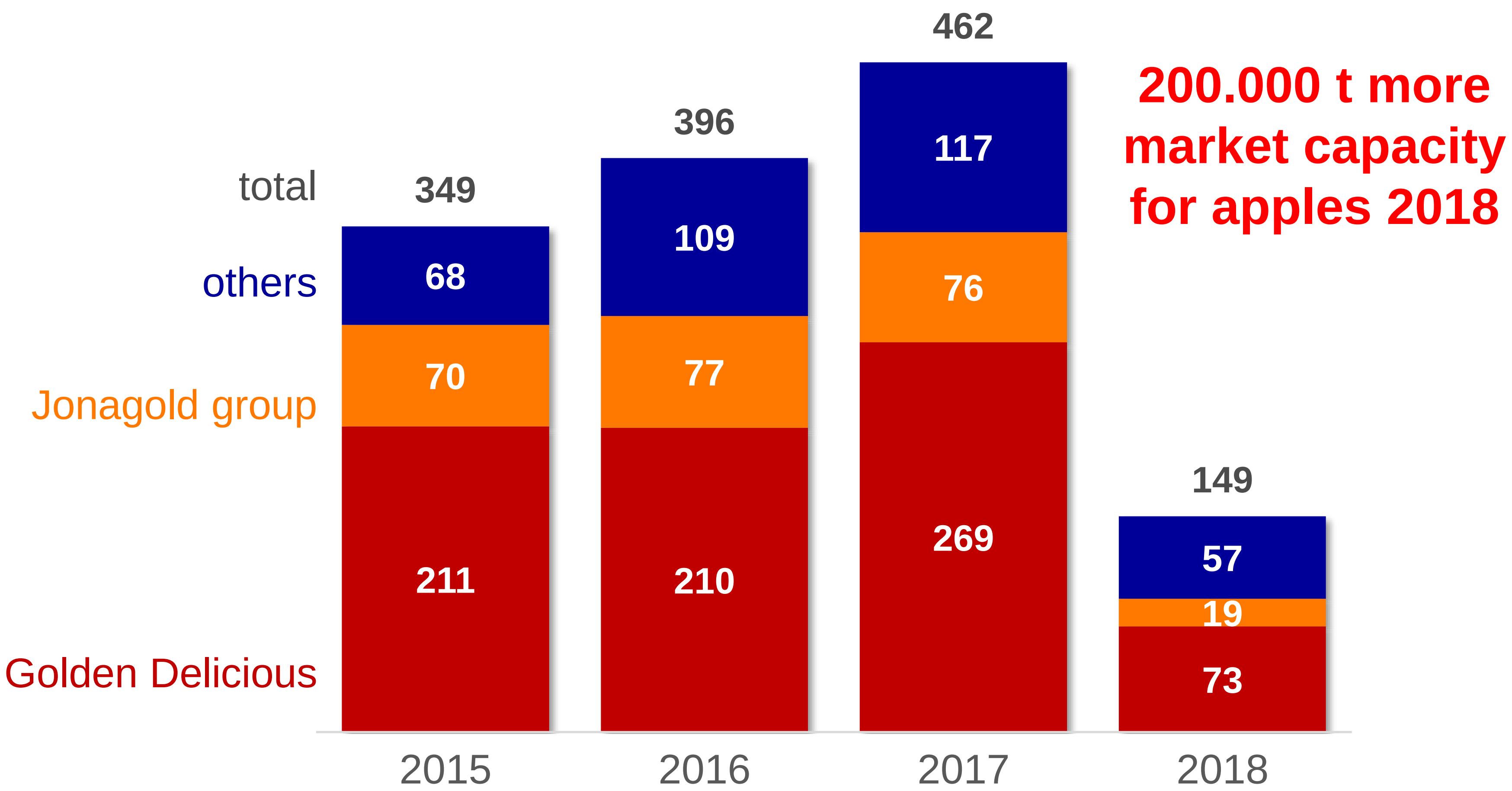
Last season low volume and high price level, impact on the future?



- Apple replaced by other products (exotic fruits, berries), possibility to turn back?
- Smaller package, higher rating spread? Less interest in bigger bags?
- Impact on crop in backyards stronger than expected (Germany)
- Successful story for club varieties to be continued, although high prices
- EU apple export 2017/18 only 800.000 t, back to 1,8 Mio. t?

Open market for new crop

EU 28: Apple stocks 1st July, in 1.000 t

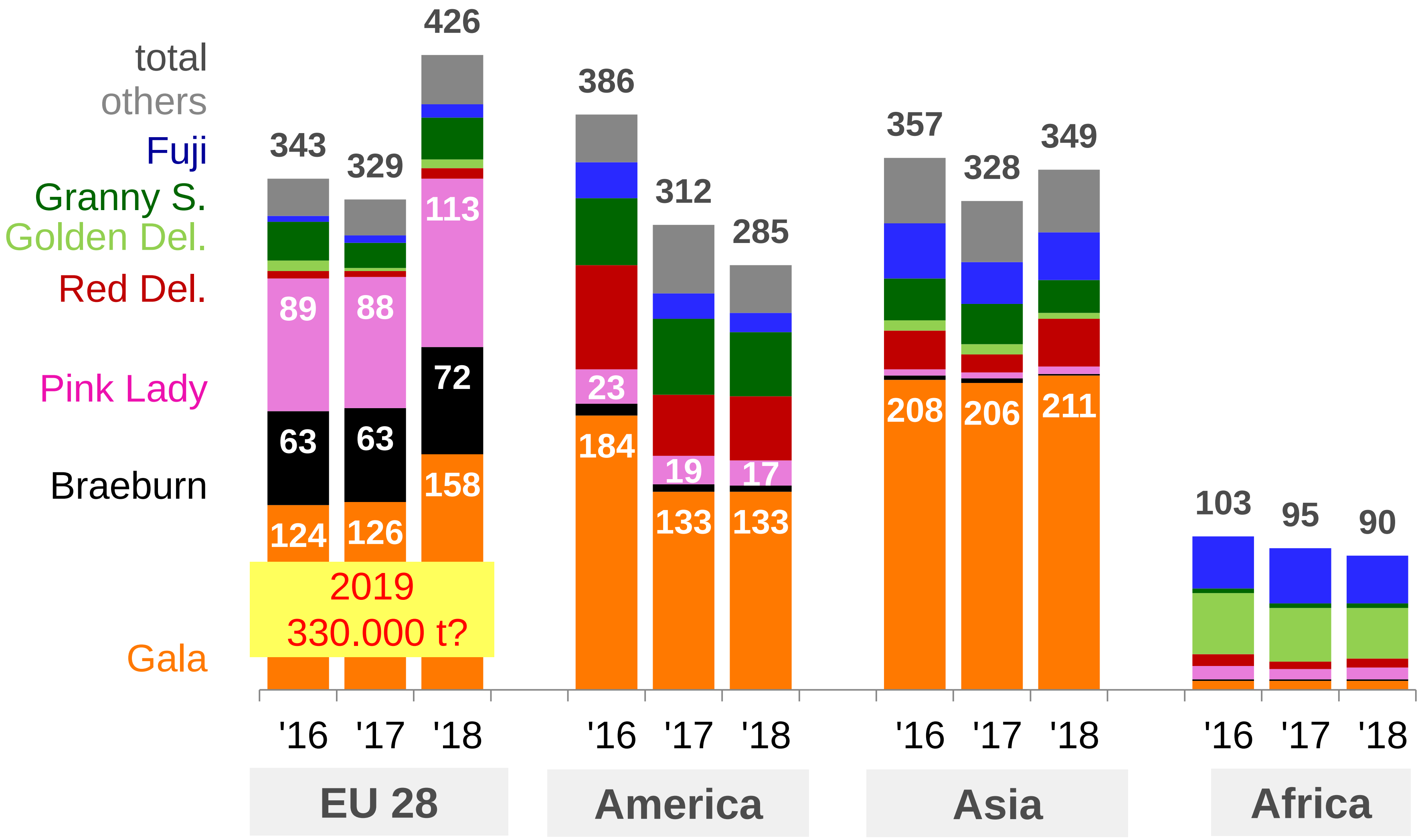


Overseas: Strong imports, building stocks in the last weeks

Source: AMI; WAPA

Global apple markets – Switching Gala

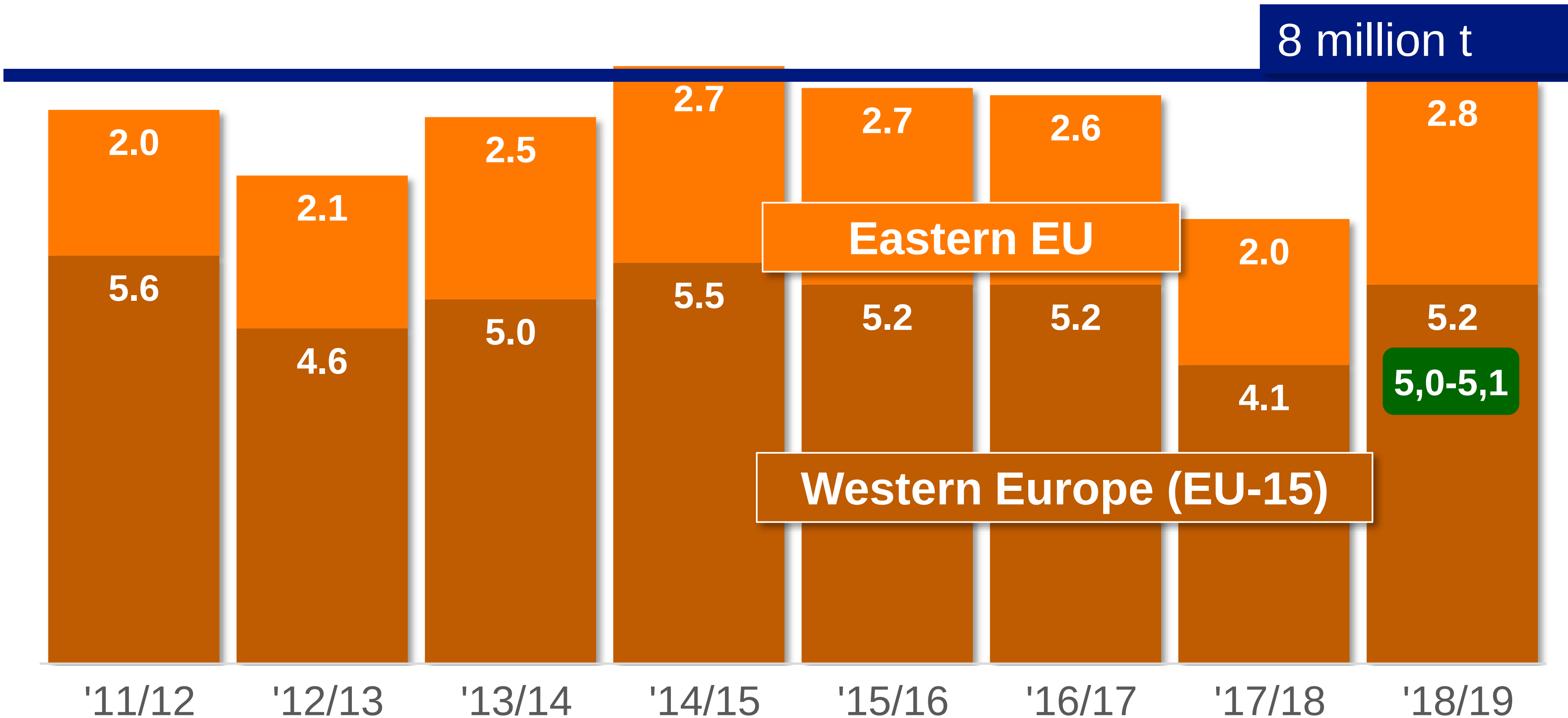
Oversea apples – Global exports until end of July, in 1.000 t



Source: Associations/traders of Southern Hemisphere

Less in the West, more in the East

EU 28: Estimated apple volume for fresh market, in million t



Autumn EUR/100 kg South Tyrol Gala 70-75mm	70-75	47-50	60-67	60-65	75-85	?

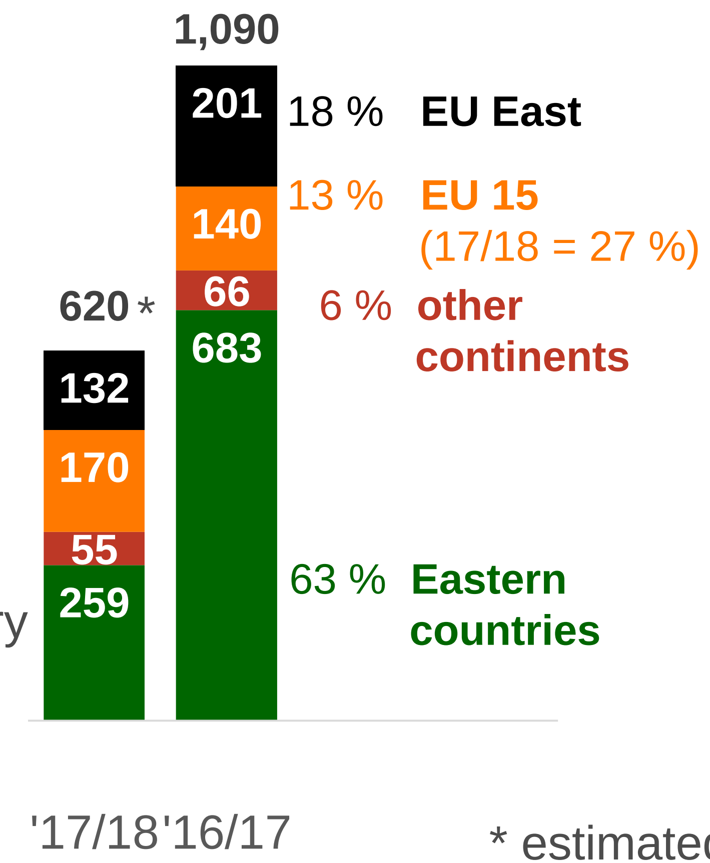
Source: AMI, WAPA, South Tyrol Traders

Poland – Too many apples!

Estimation - Application apple crop (1.000 t)

1.000 t	‘15/16	‘16/17	‘17/18	‘18/19
Production	3.979	4.035	2.870	4.480
Consumption	490	520	490	580
Export	980	1.090	620	1.100
Subvention	267	80	-	-
Processing	2.242	2.345	1.760	2.800

Export 1.000 t



* estimated

Forecast - Institute of Agricultural and Food Industry

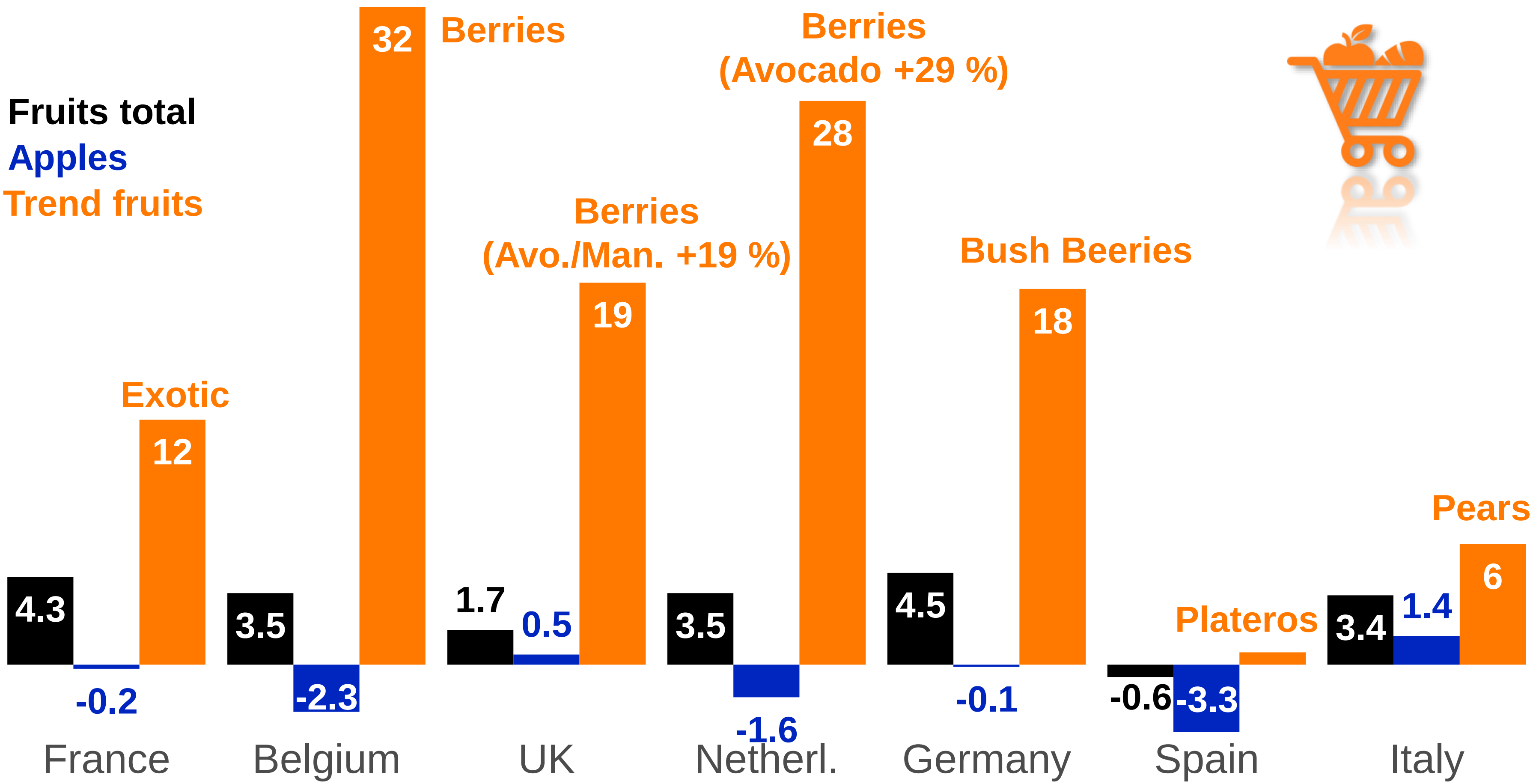
?

1.000 t	‘16/17	‘17/18	‘18/19
Production	3.604	2.441	3.600

Source: AMI; Eurostat

Strong competition between fruits

European retail, yearly development 2013 to 2017, turnover in %

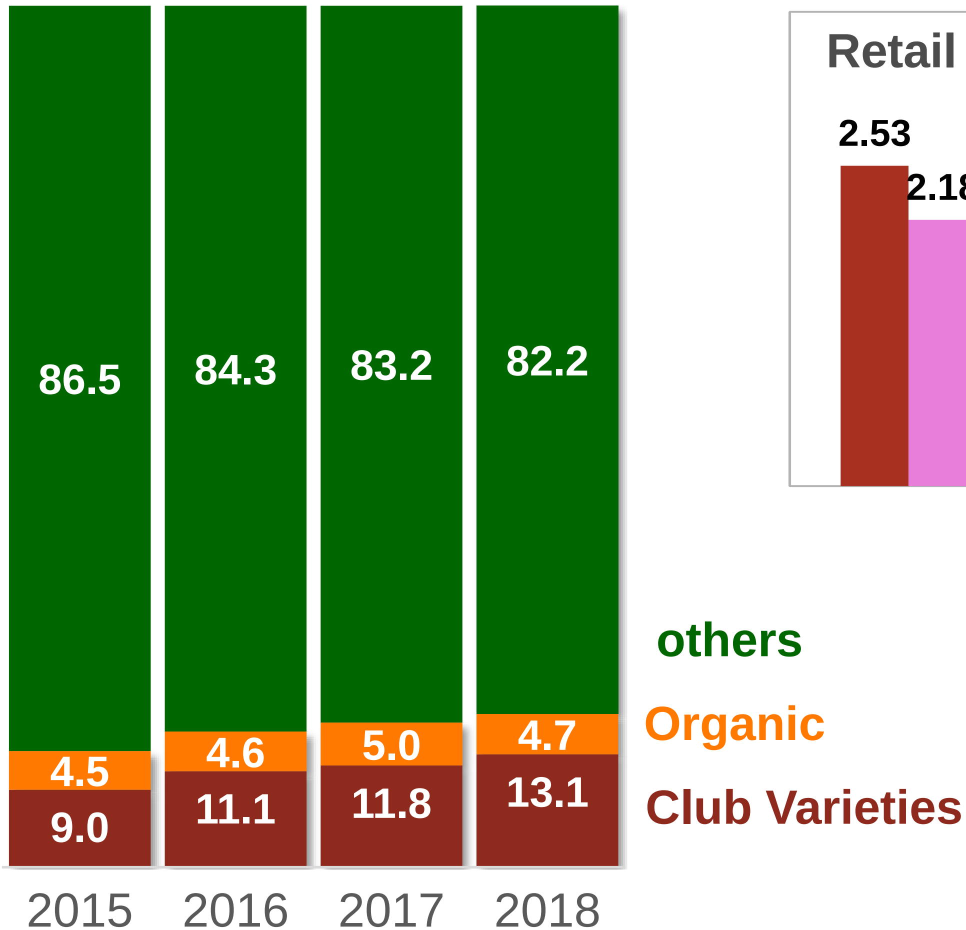


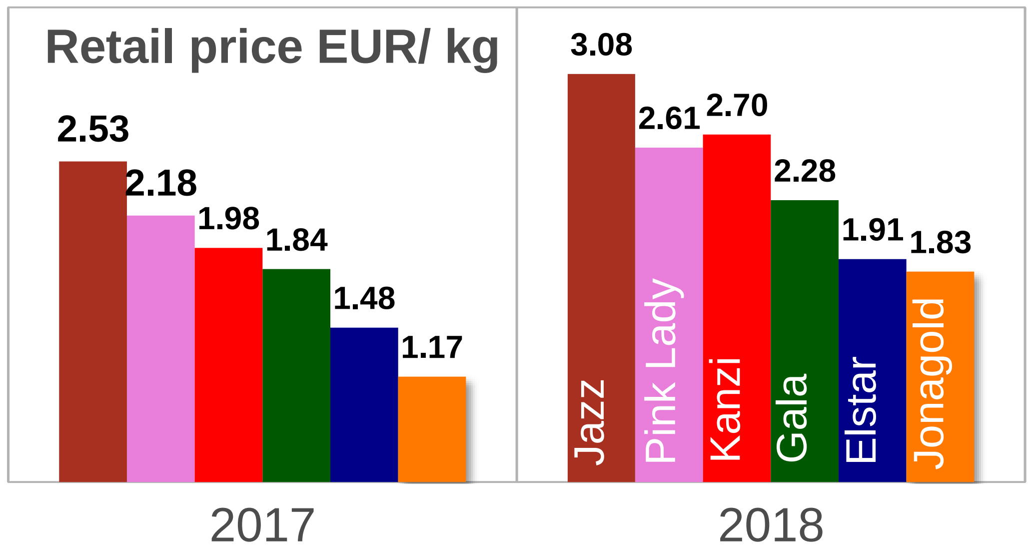
Quelle: European panel data

Germany – Standard varieties losing

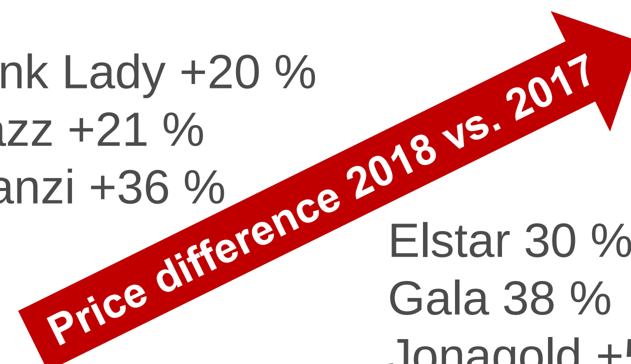
Retail – Apple sale volumes, year to date June (%)

AMI





Pink Lady +20 %
Jazz +21 %
Kanzi +36 %



Elstar 30 %
Gala 38 %
Jonagold +56 %

Source: AMI analysis based on GfK household panel

Club Varieties, more and more market share

AMI

Variety – Brutto (Variety + brand) volume in 1.000 tons

Variety/brand	'18	'23	'28
Pink Lady®	277	330	
Kanzi®	75	120	150
Evelina®	48	74	
Jazz®	39	46	56
Junami®	29	34	39
Ambrosia®	27	40	67
Modi®	26	35	40
Kiku®	20	20	20
Crimson Snow®	18	36	50
Cameo®	9	13	14
Lola®	8	13	18
Envy®	7	18	30

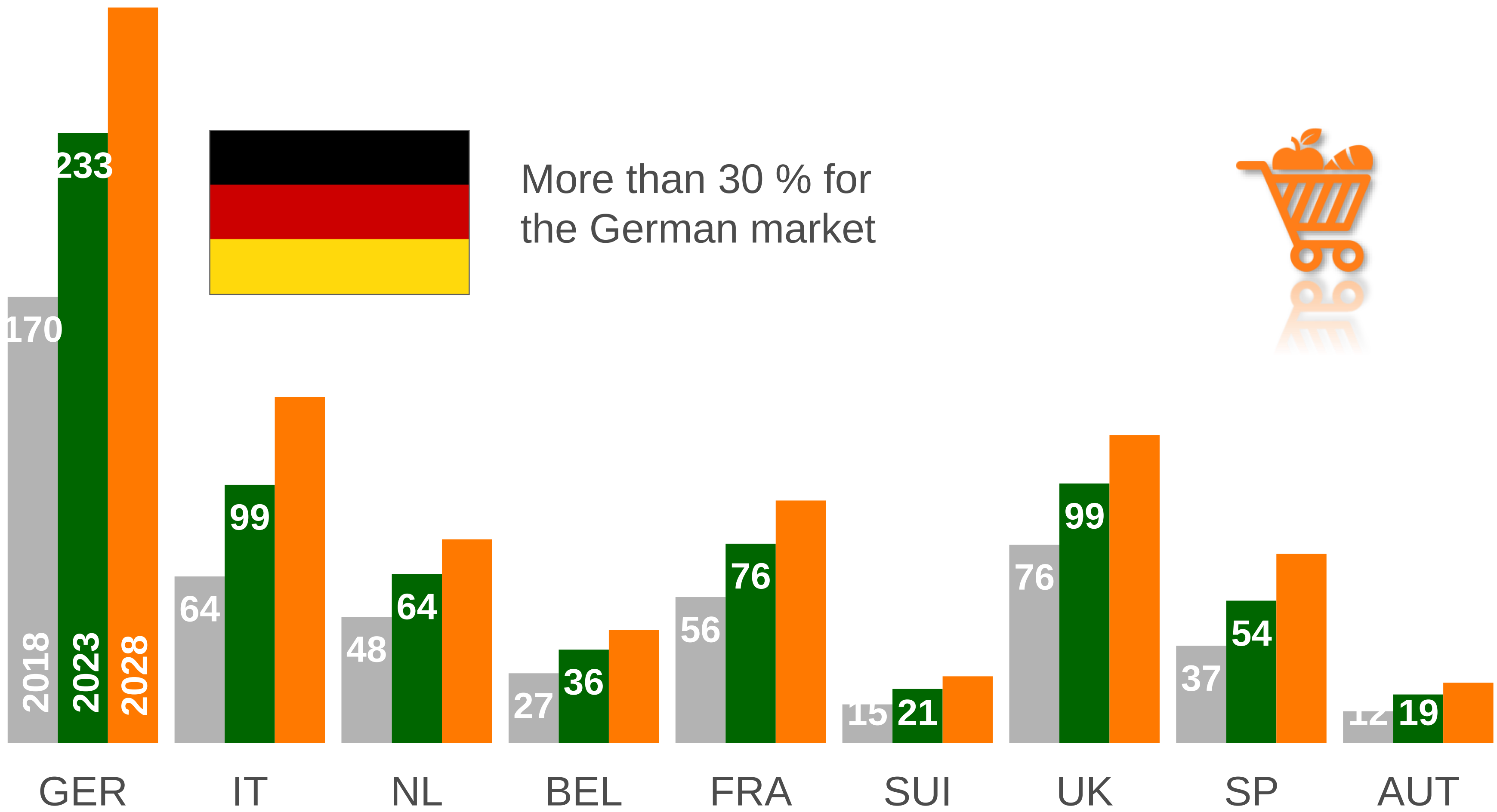
Variety/brand	'18	'23	'28
Jolly Red®	6	15	
Opal®	6	15	29
Sweetango®	5	15	20
Joya®		18	
Belgica®	4	4	4
Issaq®	4	14	20
Natyra® (only Bio)	4	8	12
Red-fleshed*	1-2	3	
Others*	70	170	
Total	683	1.024	

*Estimation, 2023 a lot of varieties with unimportant production in 2018

Source: European traders

Germany in focus

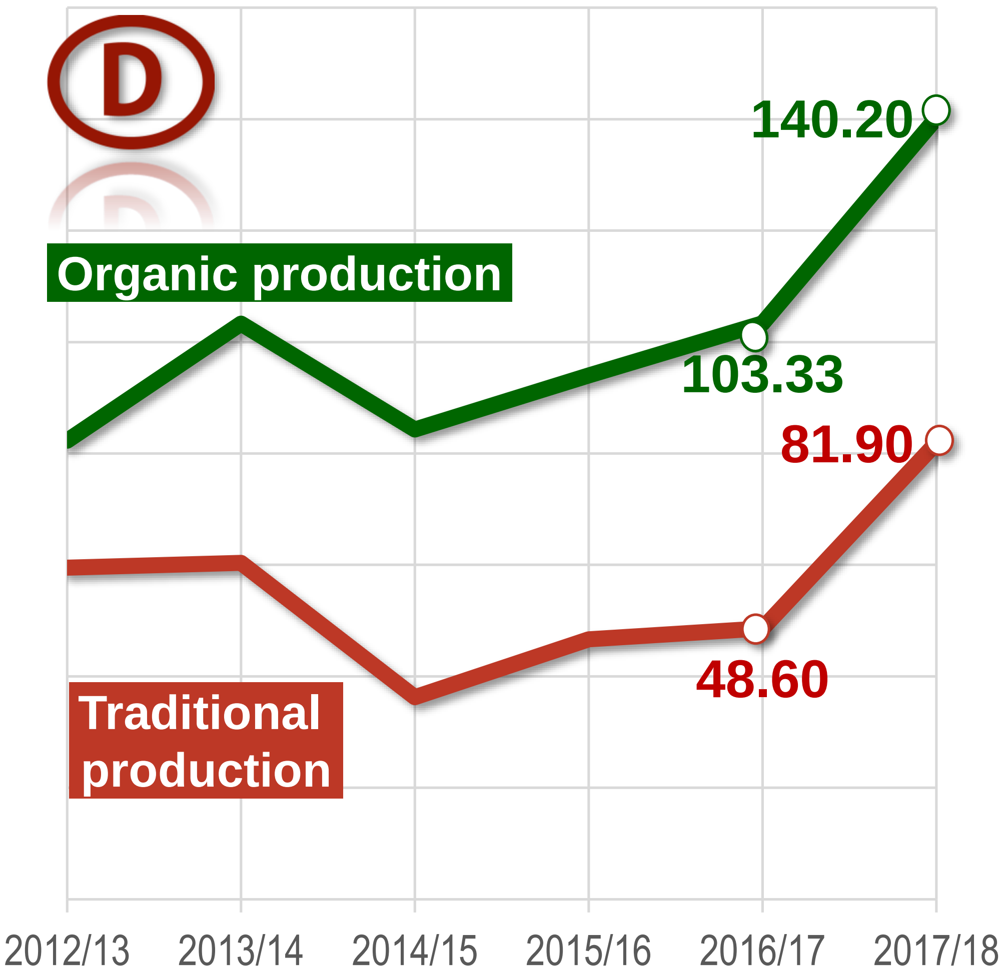
Club varieties - Estimated supply for EU apple markets, in 1.000 t



Source: European traders

More and more organic apples

Average prices for German table apples from producer organisations, EUR/100kg, class I, organic apples and traditional production



More and more organic apples, but no pressure.

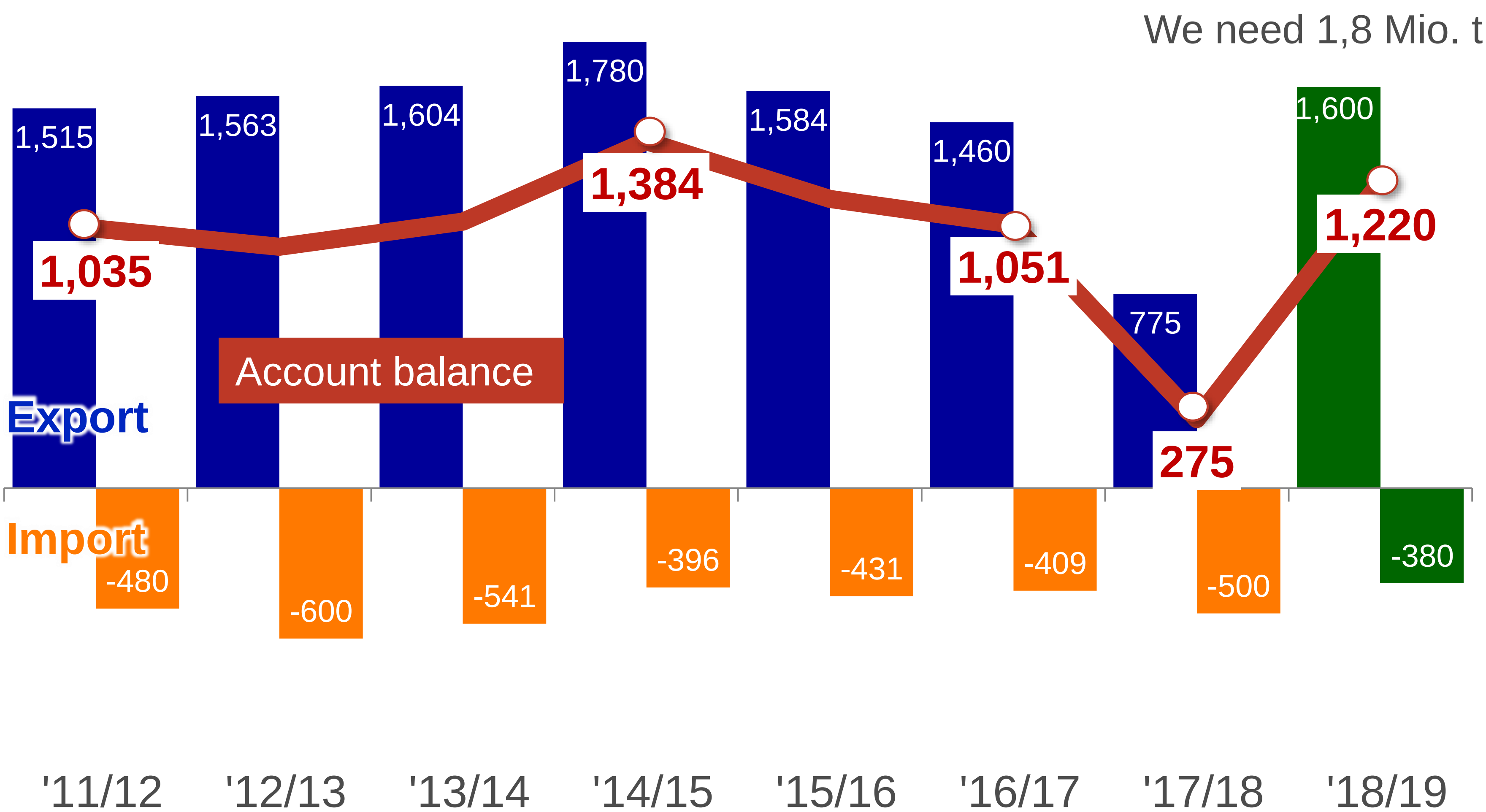
2018/19
Traders of table apples are very relaxed,
Price level 2016/17?

Organic processing
Price for puree above 50 EUR/100kg?
Processing with wide price range between 24/42,- EUR/100kg, partly Poland below 20,- (trust?)

Source: AMI/German producer organisations

Less EU apple exports, change of trend?

Current account balance for EU apples (1.000 tons)



Source: Eurostat

New apple markets, who could supply?

AMI

	Import (t), trend '25*	POL	FRA	IT	BEL	NL	GER	SP
India	250.000/ 500.000							
Brazil	200.000							
Mexico	250.000							
Colombia	100.000							
Canada	240.000							
USA	270.000							
Vietnam	140.000/ 240.000							
Taiwan	160.000/ 160.000					(?)	North. GER	
China	95.000/ 160.000							
Thailand	190.000/ 225.000							

Negotiation **Export possible**

* Estimation Berose/USA

Source: European national associations

Impact of less Chinese apple crop

AMI

In 1.000 tons	2016/17	2017/18	2018/19	‘18/19 vs.’17/18
Production	43.500	44.000	31.500	- 28 %
Export	1.330	1.240		
Processing	4.100	4.500		?
Consumption	38.000	38.340		
Imports	70	80		

Chinese export markets for apples

1.000 tons	‘16	‘17
Bangladesh	181	167
Philippine	134	132
India	147	131
Thailand	142	117

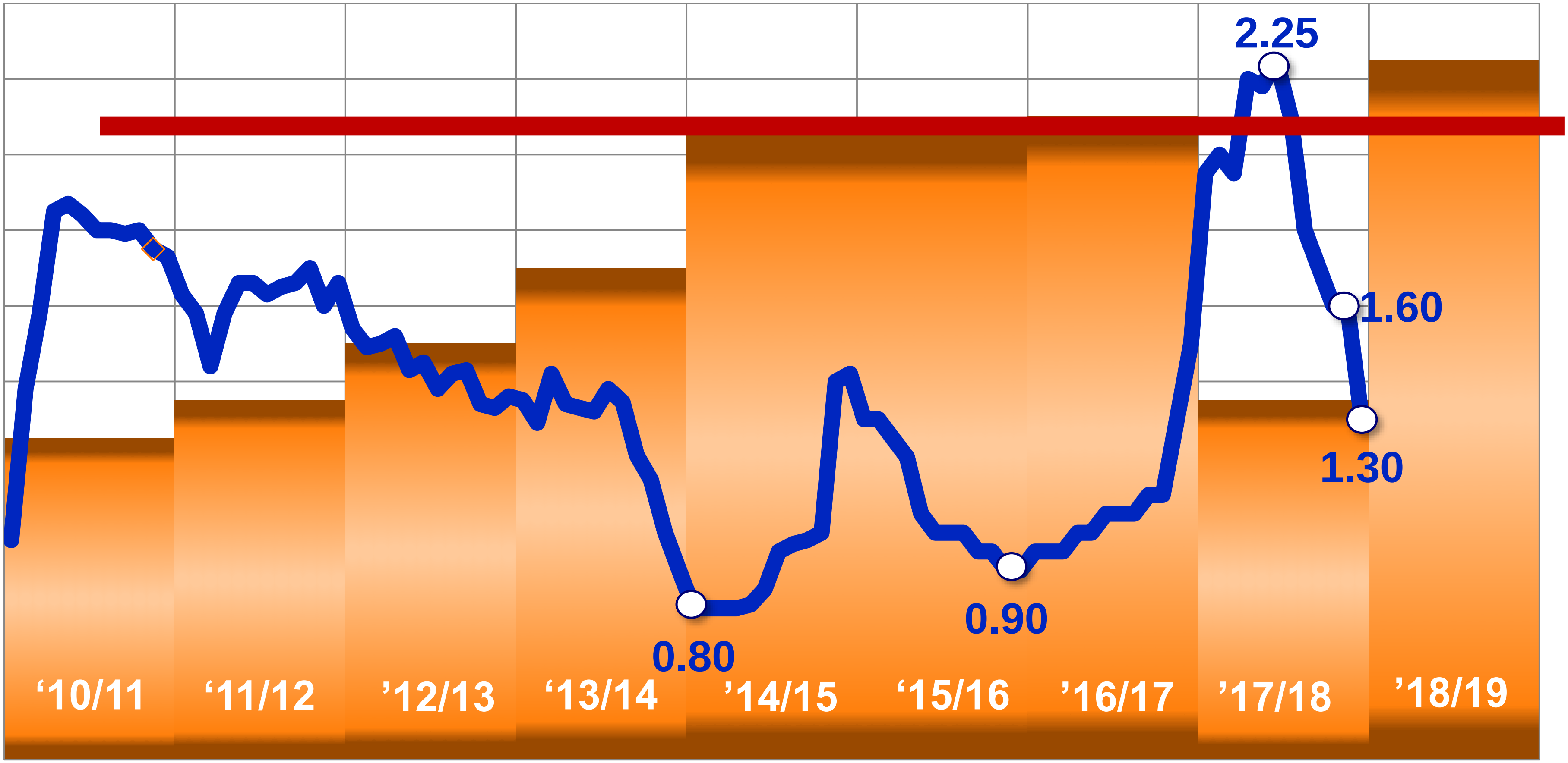
1.000 tons	‘16	‘17
Indonesia	90	117
Kasachstan	46	74
Russia	115	102
North Korea	80	84

1.000 tons	‘16	‘17
Vietnam	110	106
Myanmar	86	17
Arab. Emirat	19	20
Saudi Arabia	13	13

Source: Processing companies; GTA

Processing apples with record volume

Calculation apple harvest for processing. (Volume EU/Turkey/Ukraine/ Moldova/Serbia), European AJC EUR/ kg (Mean)



Source: AMI

More processing apples, politics help

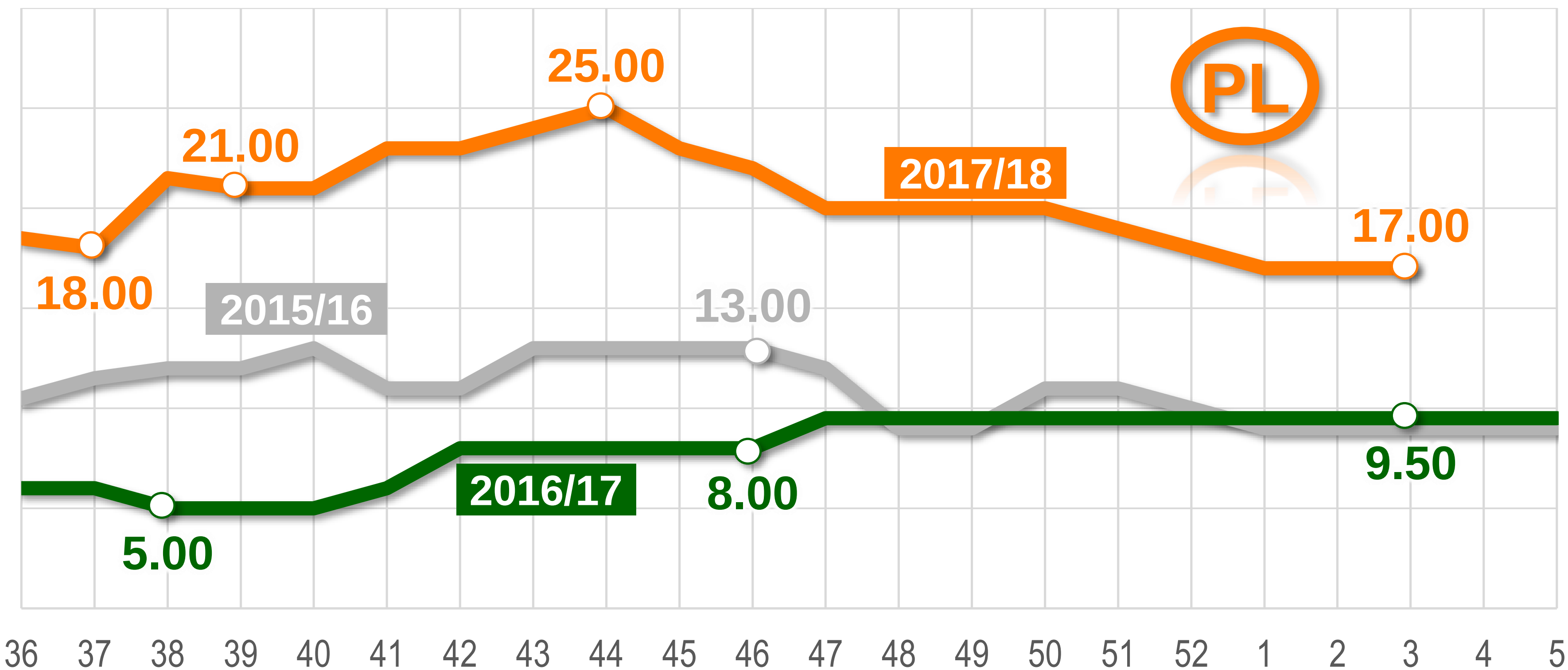
- Market
  - Current market very short, stocks with AJC and NFC are cleared
  - For running contracts in summer new crop needed
  - China with very low apple crop, normal exports 500.000 t AJC (50 % shipped to US-market). Gap for European AJC
- Politics
  - Donald Trump discusses import tax for Chinese food 25 % (incl. AJC).
    EU exports could increase to 150.000 t AJC (plus 750.000 t processing apples needed)
  - Polish producers are blocking Polish industry
  - One Polish party favores contracts with limit prices

Trump saves Polish fruit growing

A lot of trouble in the market

Starting position better than 2014 and 2016!

Polish processing apples – price free industry, in EUR/100 kg

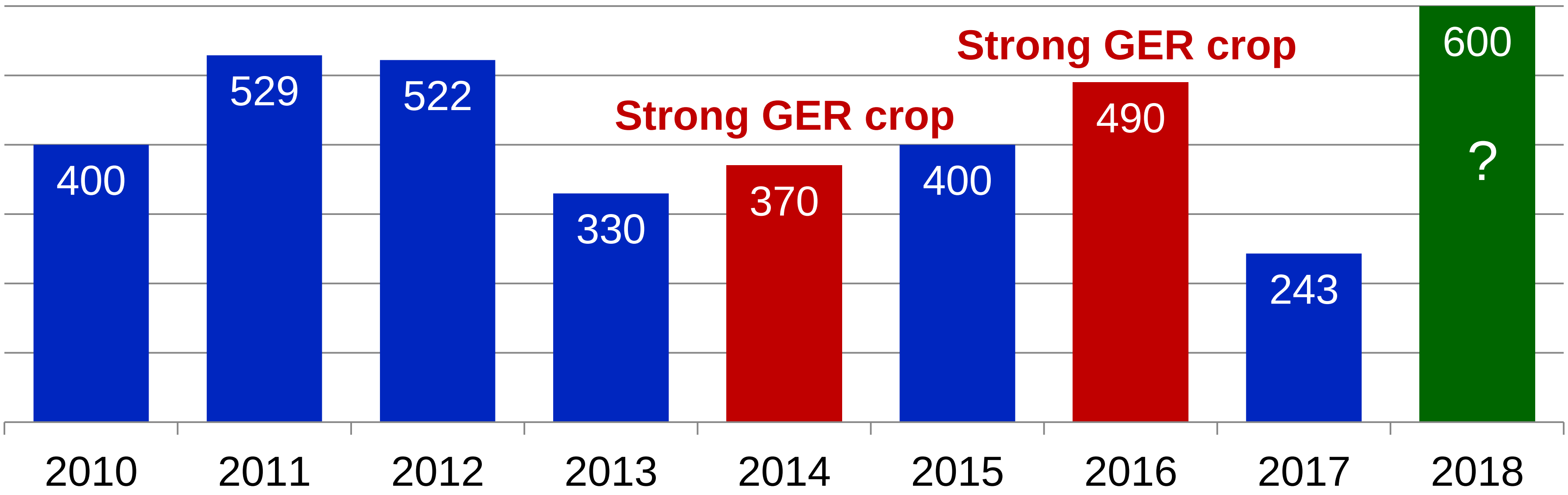


Processing apples (Sep/Oct)	2013	2014	2015	2016	2017	2018
POL free industry EUR/100kg	12-14	3-5	11-13	5-6	18-23	5-8

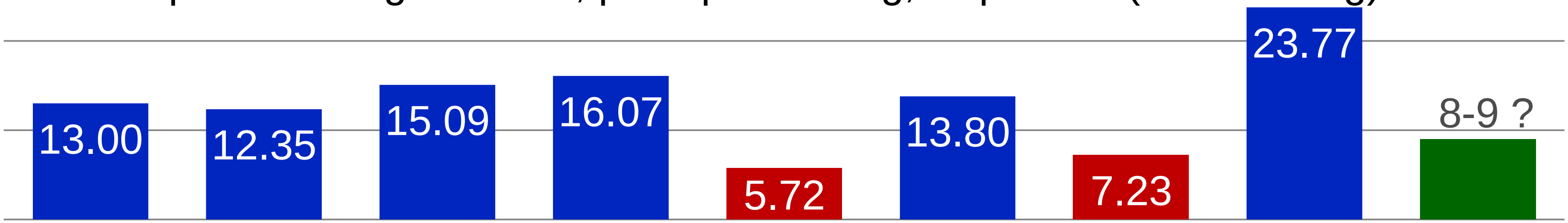
Source: AMI; Polish traders

Strong apple crop in German backyards

Apple juice production in Germany, in Mio. liter



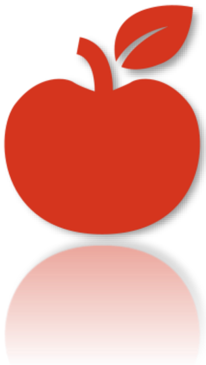
German producer organisation, price processing, Sept./Oct. (EUR/100 kg)



Source: Deutscher Fruchtsaftverband

Outlook for 2018/19

- EU crop comparable to peak in 2014
    - Update of NL/BEL/GER forecast, impact on drought!
    - EU-15 volume table apples maximum on average
    - Poland with record crop, looking for more markets
- Good starting position in August
    - No stocks from EU crop 2017,
      but prices for overseas slightly decreasing



- Abundant processing apples, but no AJC and NFC stocks
    - Chinese crop deficit favored market for EU traders
    - EU producers should ask for limit prices (consider the cost)

Thanks a lot for your attention.

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