Prospects for cocoa processing

ICCO Conference

London 22nd September 2015

Cargill Cocoa & Chocolate

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Agenda

- The Value Chain
- Structural Dynamics
- Cyclical Dynamics
- How to Thrive

The Industry Value Chain

Cocoa Sourcing – Processing Industry – Retailer – Consumer

Value flow

Capability flow

Geographic scope

Governance

Structural and Cyclical factors

Cocoa Sourcing – Processing Industry – Retailer – Consumer

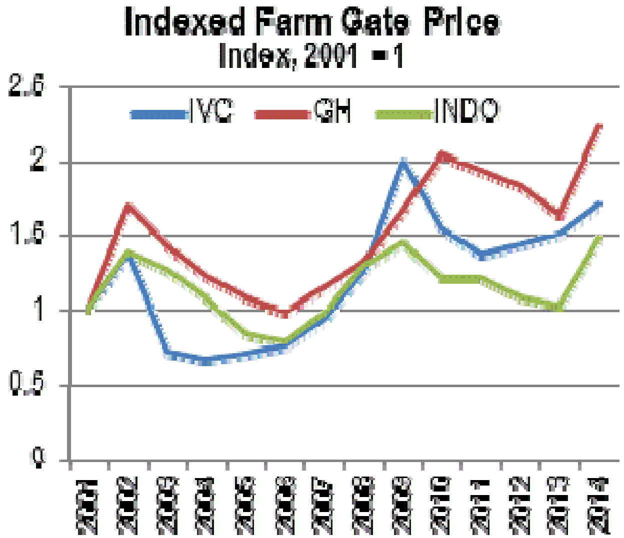
Structural Dynamics

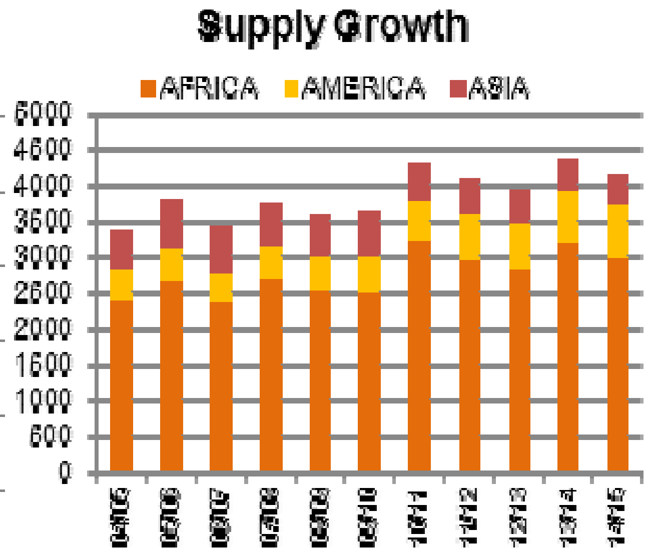
Cyclical Dynamics

Structural Supply

Cocoa Sourcing — Processing Industry — Retailer — Consumer

Cocoa beans prices (GB£/Mt)





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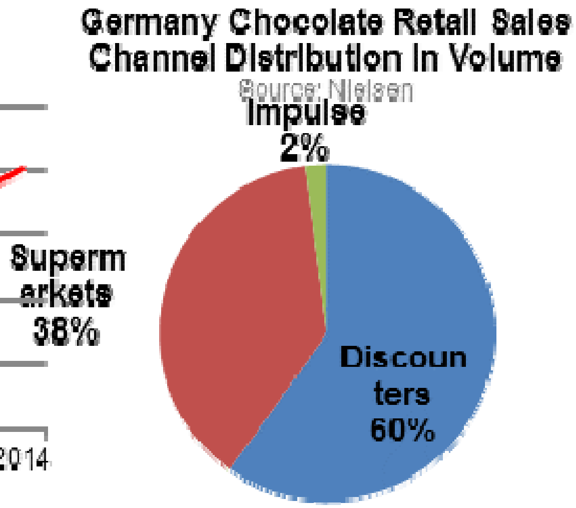
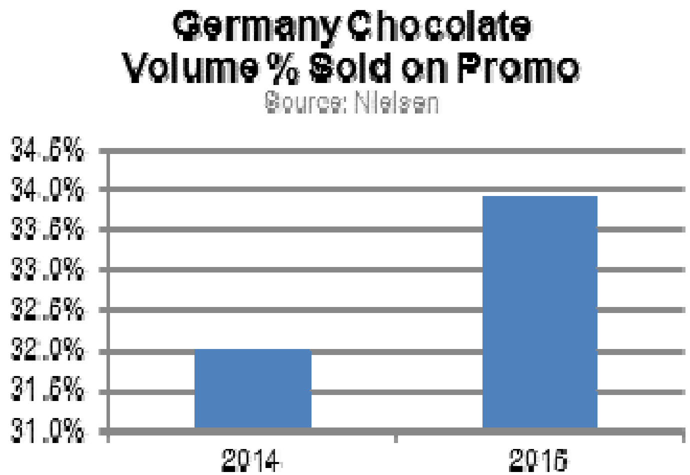
Structural Demand

Cocoa Sourcing → Processing Industry → Retailer → Consumer





Industry Dynamics

Structural Dynamics

- Sustainable Supply
- Affordability

Cyclical Dynamics

- Business Cycle
- Investments

Cyclical OverCapacity

Cocoa Sourcing — Processing Industry — Retailer — Consumer

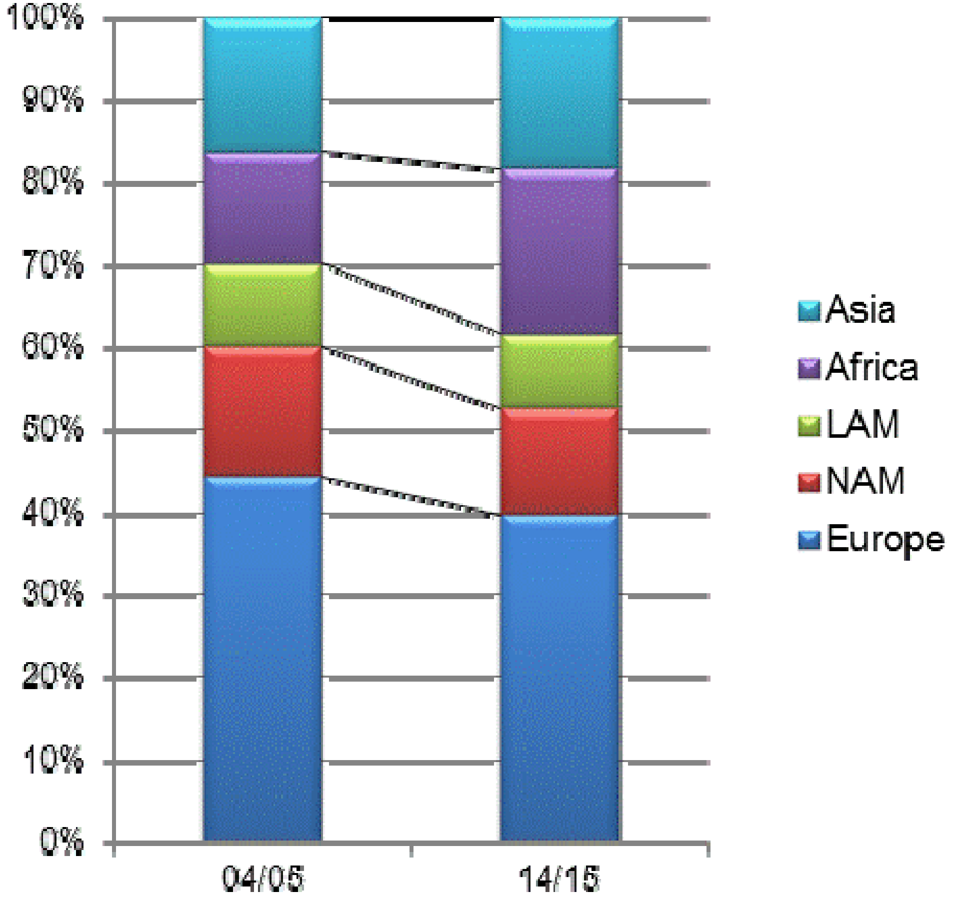
Capacity | **Demand**

+400kMt Capacity
- Indonesia
- Ivory Coast
- Nigeria

+100kMt Demand
- High Cocoa Prices
- Global Economic slow down

Regional grind

A shift from destination to origin



- Access to Quality Beans
- Processing costs
- Infrastructure
- Access to Customers
- Government support

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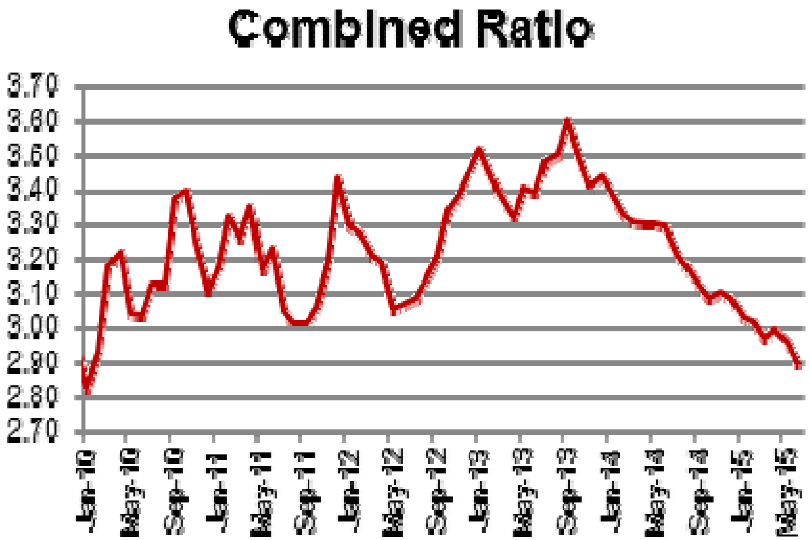
Industry Margin

<u>Structural</u>

Margin Pressures



<u>Cyclical</u>

Margin Pressures

How can processors thrive in this challenging environment

Quality

Efficiency

Risk management

Wrap up

Structural Dynamics Change

Re-allocation of risks

Adequate Governance

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