Prospects for cocoa processing

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Cargill Cocoa & Chocolate
Francesca Kleemans
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)

Indexed Farm Gate Price Index, 2001 = 1

Supply Growth

London close, 2nd month
Structural Demand

Cocoa Sourcing → Processing Industry → Retailer → Consumer

Private Label Market Share in Chocolate Confectionery

- Source: Euromonitor

Germany Chocolate Retail Sales Channel Distribution in Volume

- Supermarkets: 38%
- Discounter: 60%
- Impulse: 2%

Germany Chocolate Volume % Sold on Promo

- Source: Nielsen

- 2014: 31.0%
- 2015: 34.0%
Industry Dynamics

Structural Dynamics
- Sustainable Supply
- Affordability

Cyclical Dynamics
- Business Cycle
- Investments
Cyclical OverCapacity

Cocoa Sourcing → Processing Industry → Retailer → Consumer

Capacity → Demand

+400kMt Capacity
-400kMt Demand

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
Industry Margin

Structural Margin Pressures

Cyclical Margin Pressures

Combined Ratio

Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10
3.70
3.60
3.50
3.40
3.30
3.20
3.10
3.00
2.90
2.80
2.70

How can processors thrive in this challenging environment

Quality
Efficiency
Risk management
Wrap up

- Structural Dynamics Change
- Re-allocation of risks
- Adequate Governance