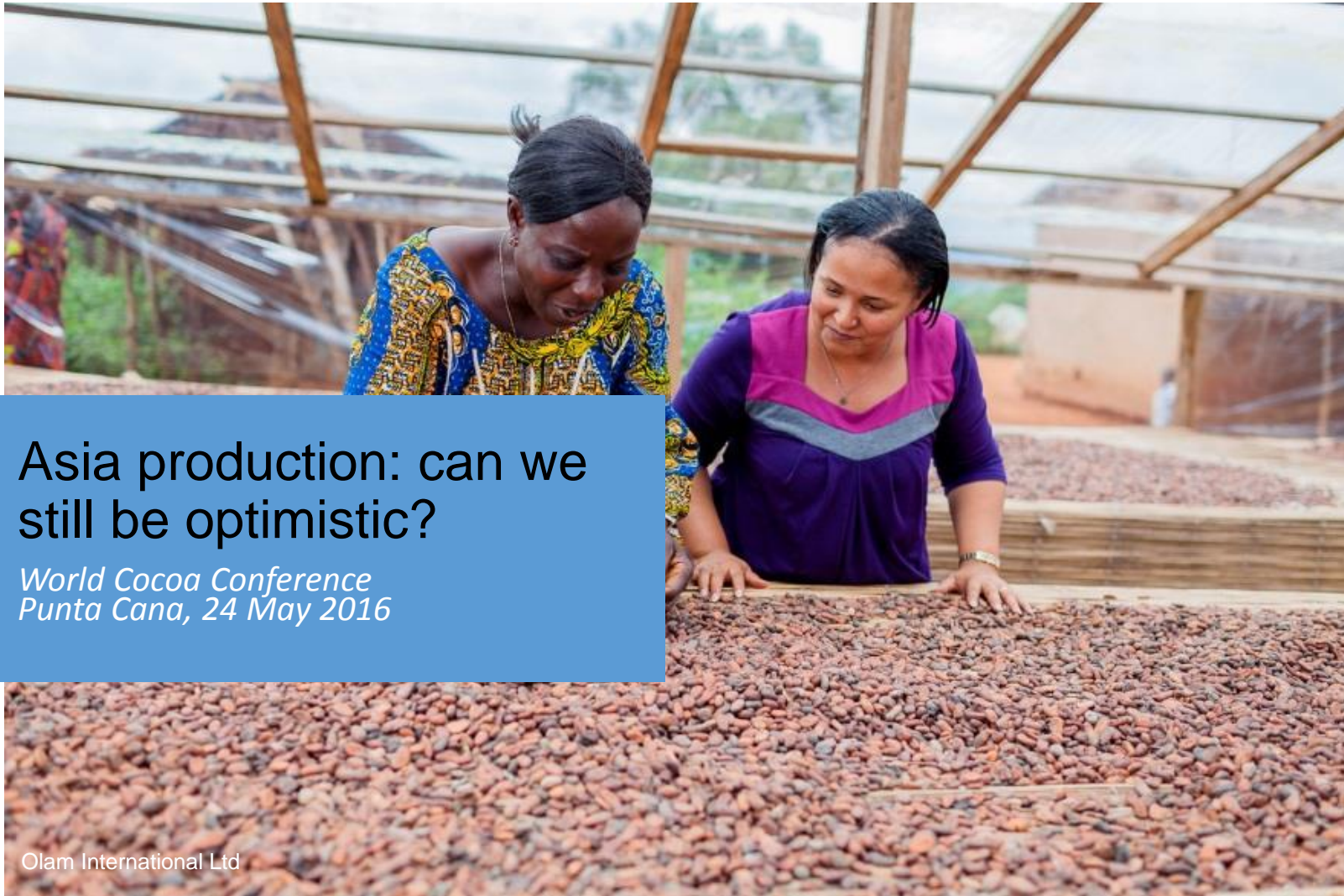




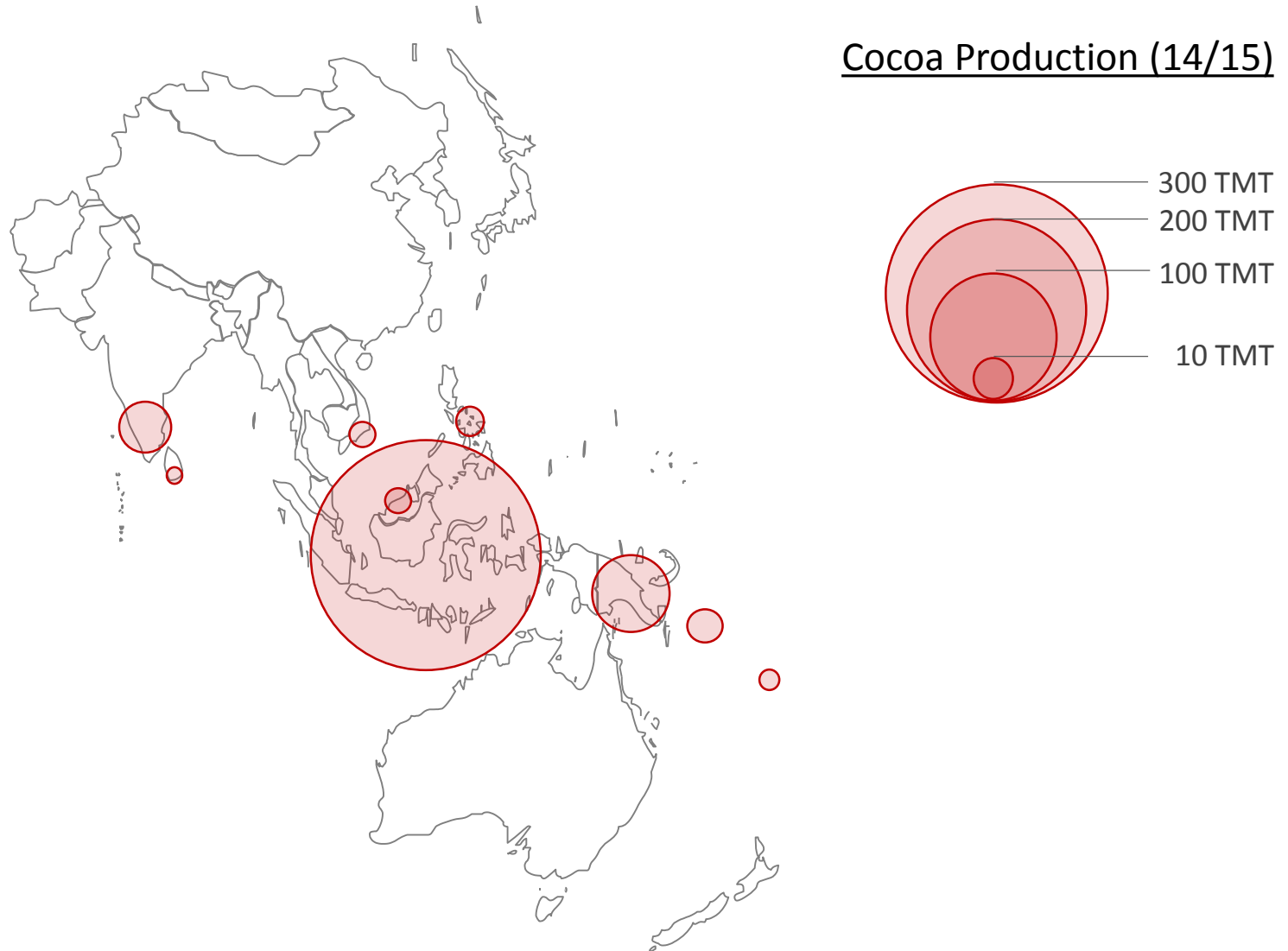
Olam
Cocoa



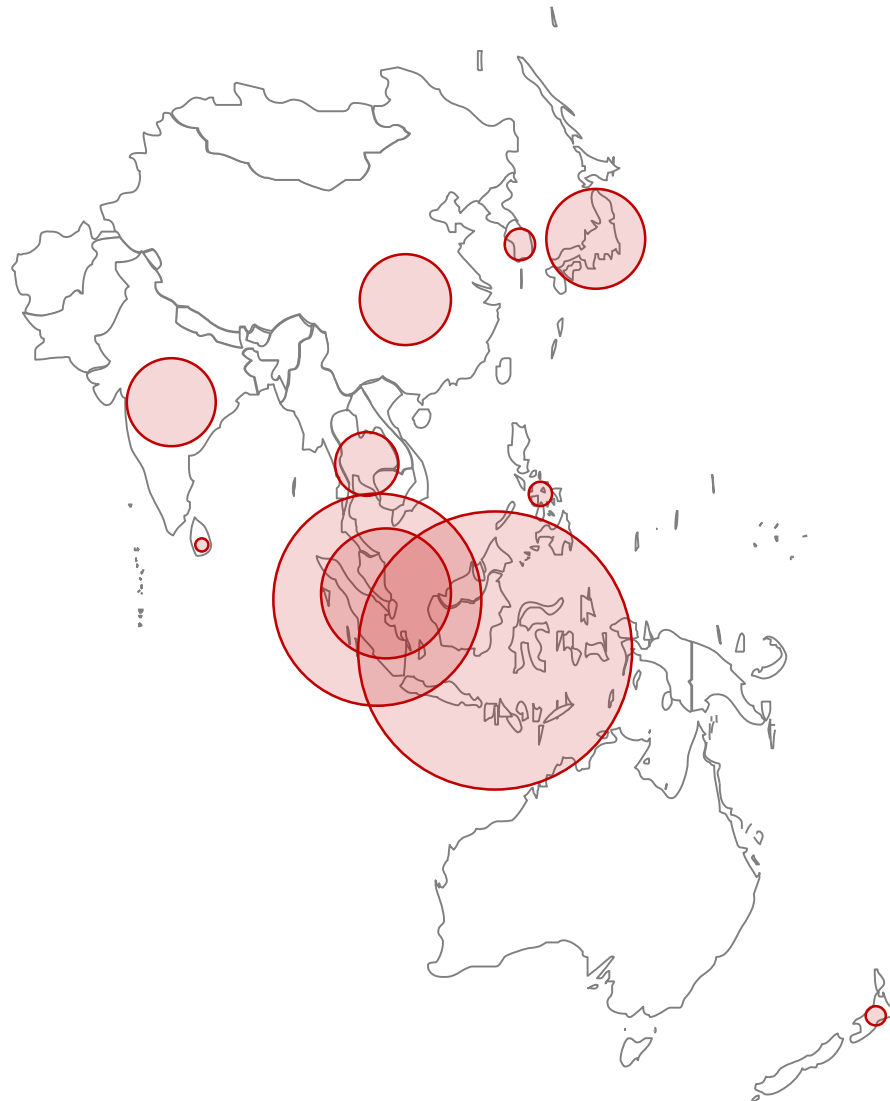
Asia production: can we still be optimistic?

*World Cocoa Conference
Punta Cana, 24 May 2016*

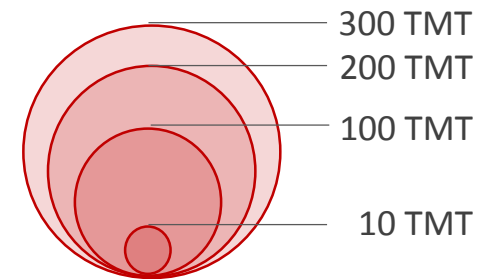
Asian Cocoa crop is very concentrated...



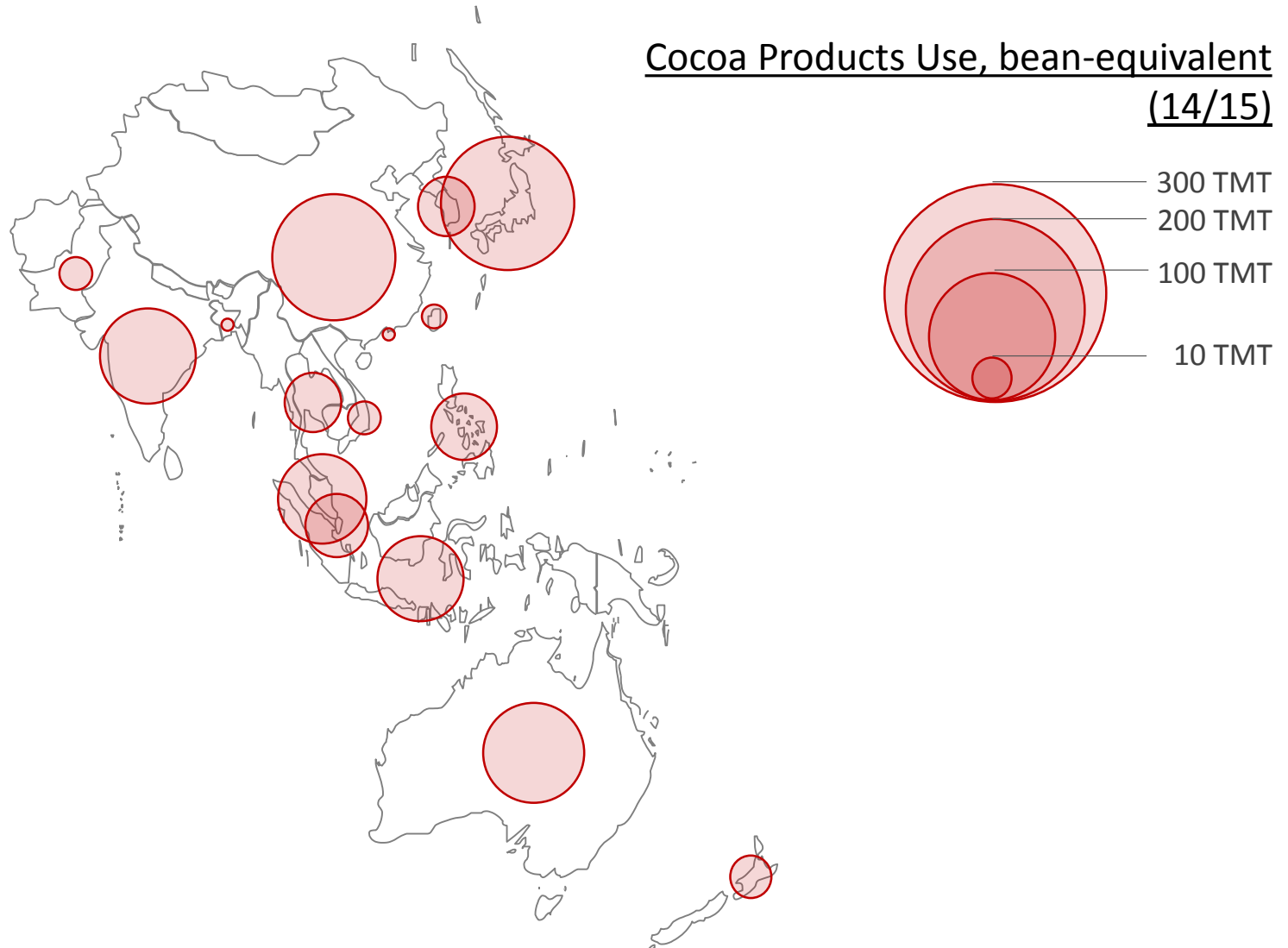
... Grindings are less so...



Cocoa Grindings (14/15)



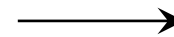
... Consumption is more spread out



Asian Cocoa mismatch (1)

Asia's share

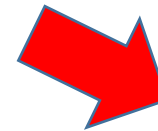
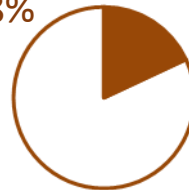
2004/05



2014/15

Global Production:

630TMT / 18%



395TMT / 9%



Global Grind:

550TMT / 16%

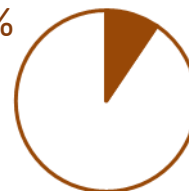


760TMT / 18%



Global Consumption:

315TMT / 9%

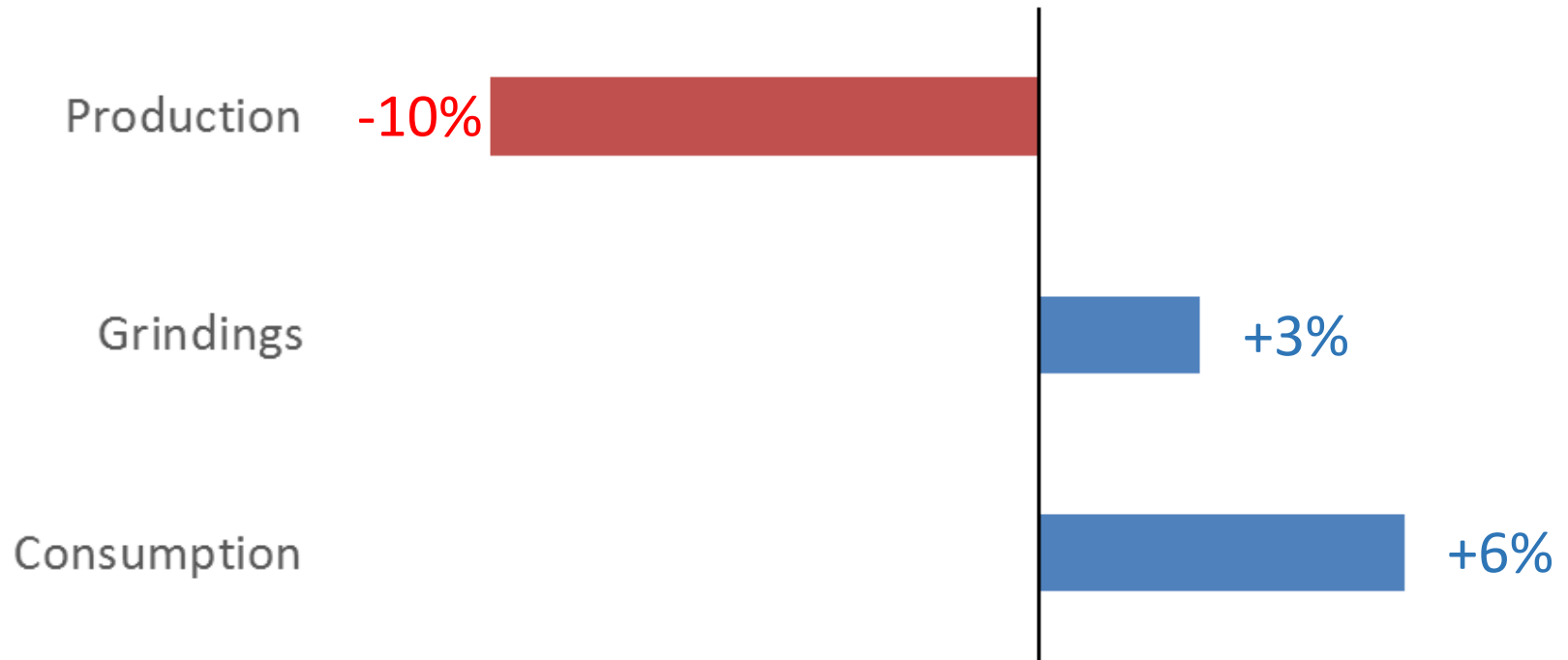


540TMT / 13%



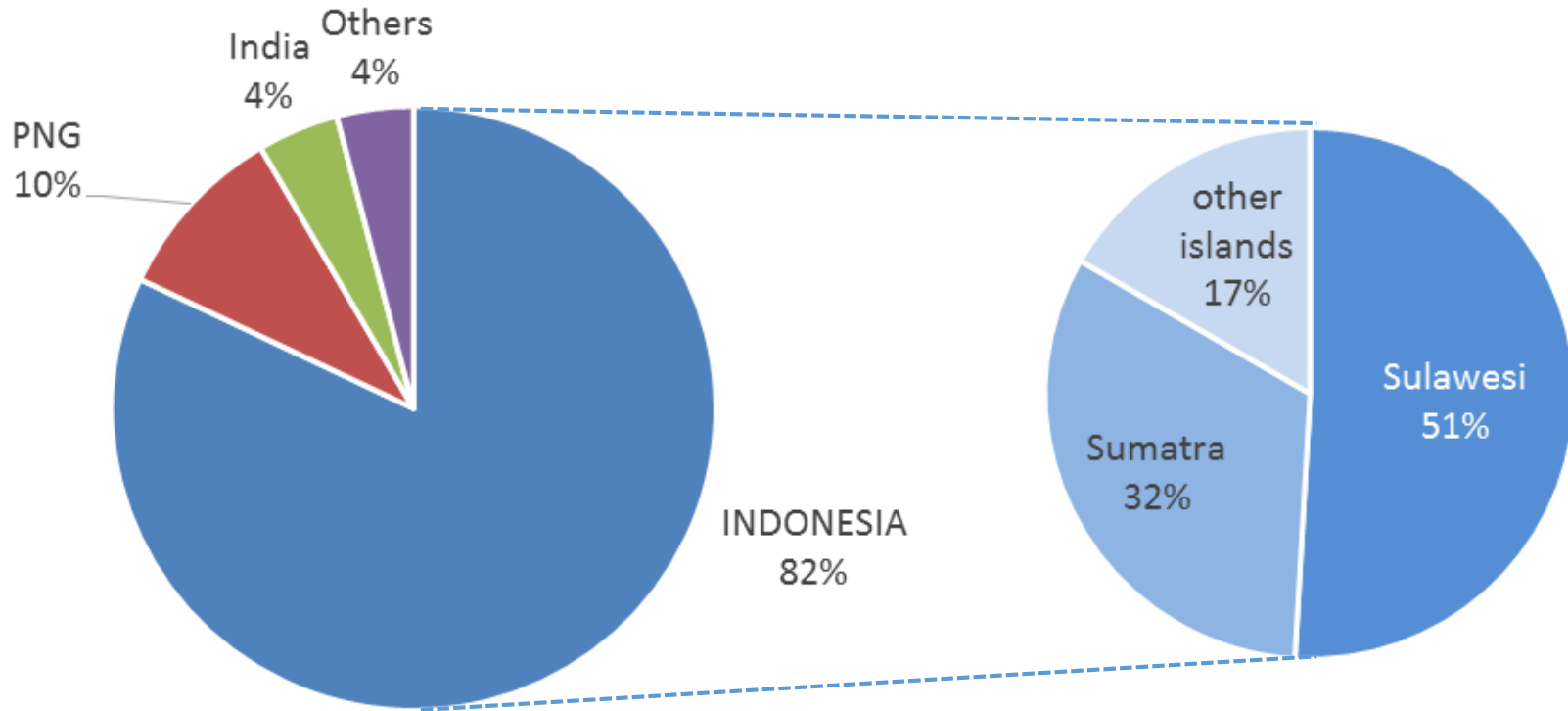
Asian Cocoa mismatch (2)

Asia: 5-year CAGR

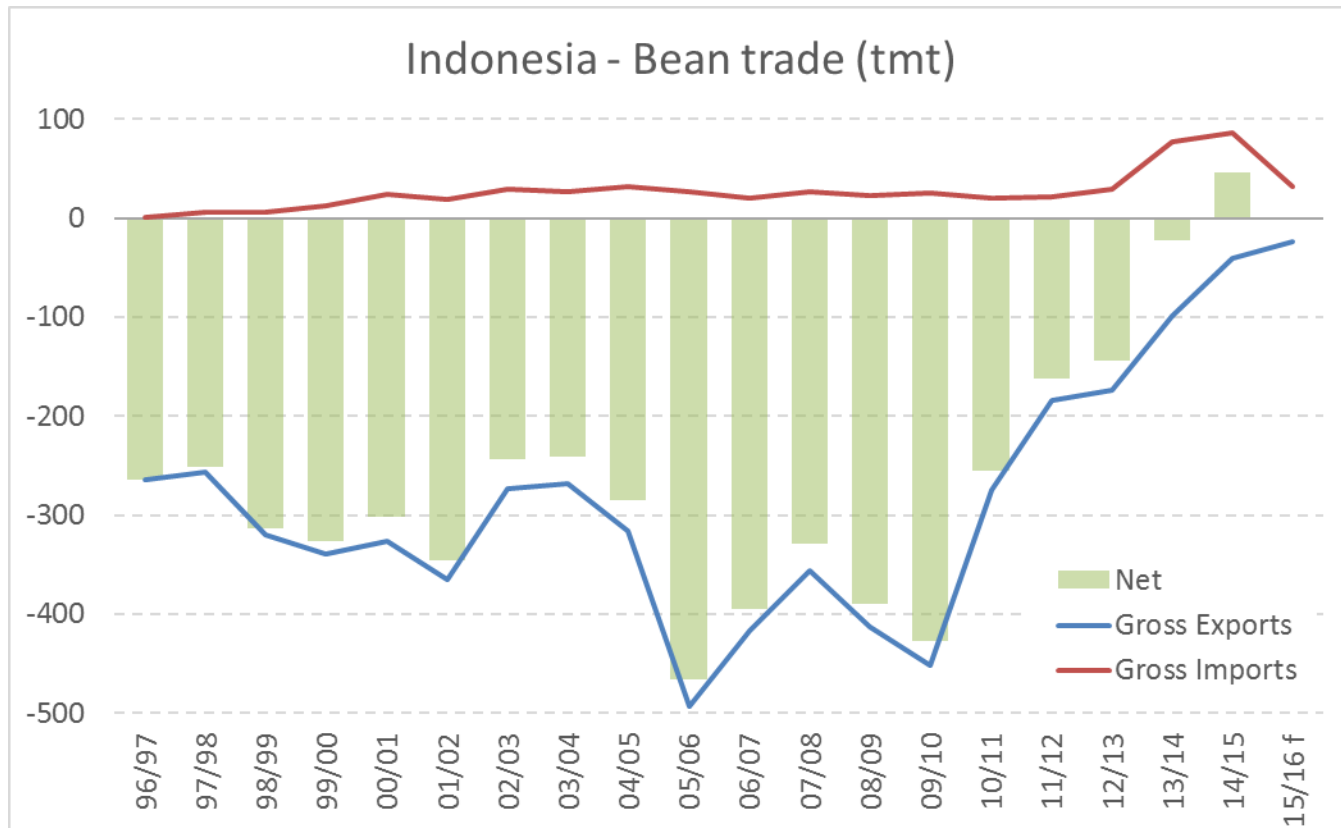


Indonesia by far the largest cocoa producer in Asia...

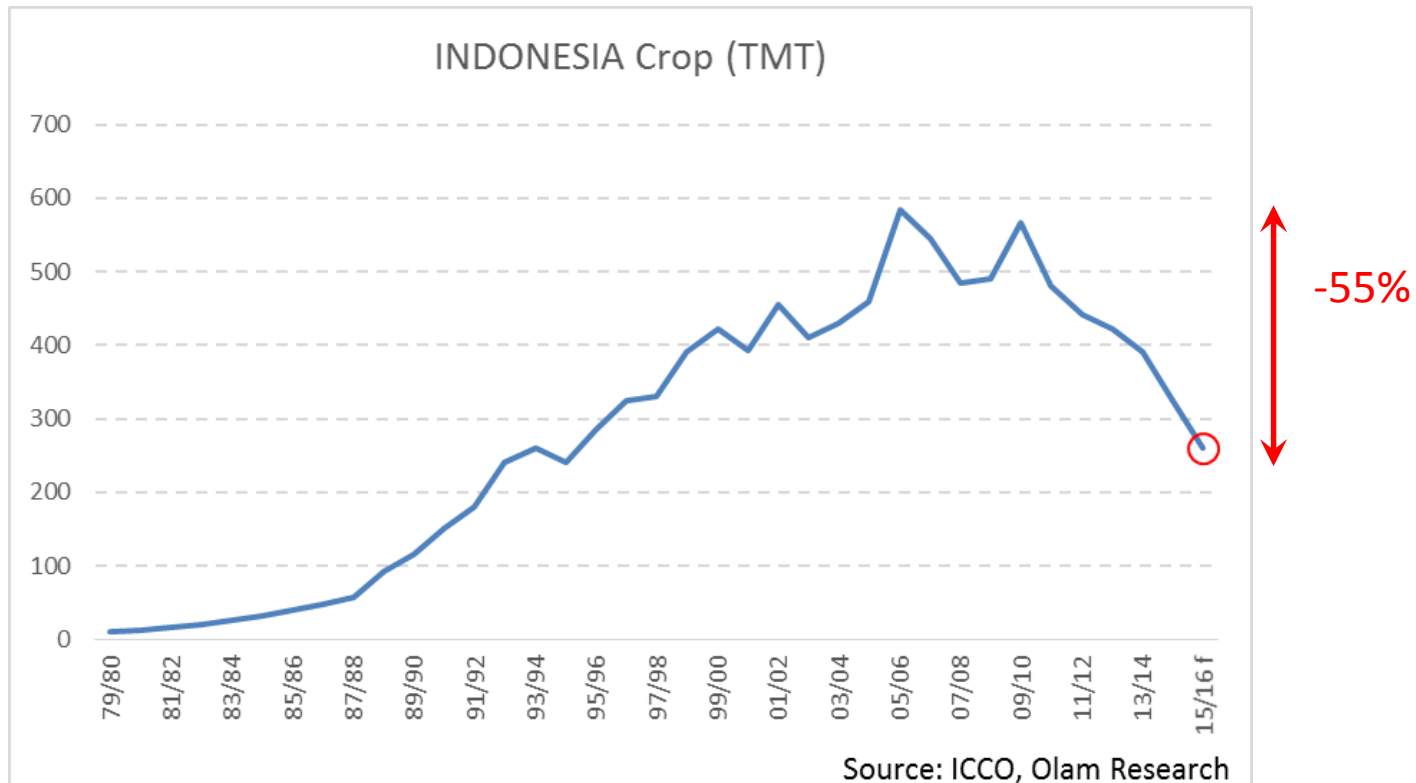
Cocoa Production in Asia (14/15)



... but no longer a net exporter of beans...



... as production is declining

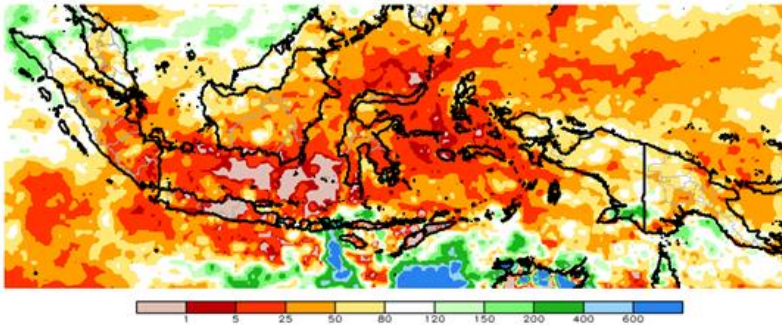


- Indo crop on a downtrend since 10/11. Increased pest & disease pressure led to poor yields and conversion to other crops
- 15/16 crop seen at 260TMT mostly due to drought and further abandonment of cocoa by local farmers
- This would be 55% below the 05/06 peak

Adverse weather conditions

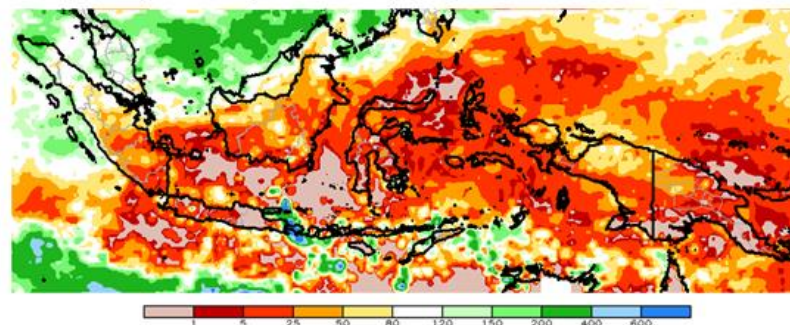
TRMM 1-Month Percent of Normal Rainfall (%)

Period: 01Jul2015 - 31Jul2015



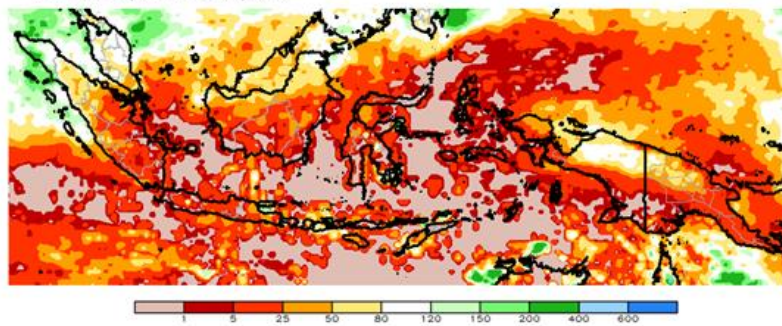
TRMM 1-Month Percent of Normal Rainfall (%)

Period: 01Aug2015 - 31Aug2015



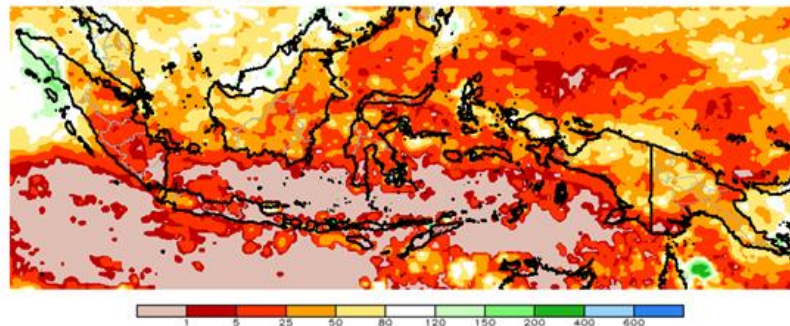
TRMM 1-Month Percent of Normal Rainfall (%)

Period: 01Sep2015 - 30Sep2015



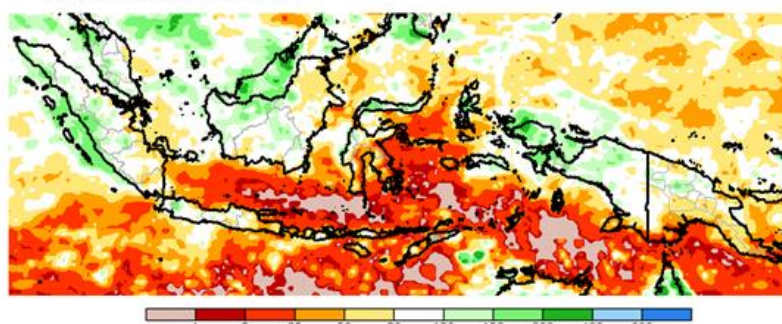
TRMM 1-Month Percent of Normal Rainfall (%)

Period: 01Oct2015 - 31Oct2015



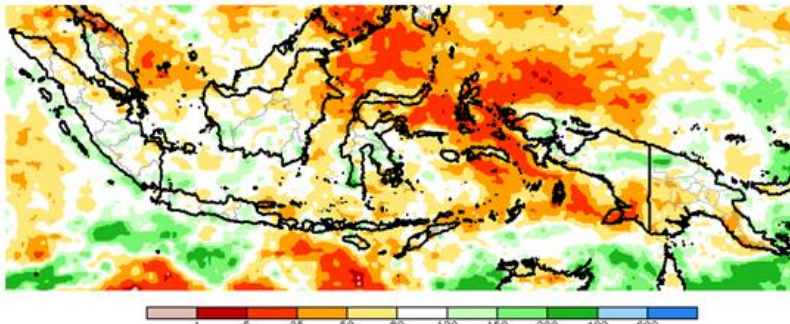
TRMM 1-Month Percent of Normal Rainfall (%)

Period: 01Nov2015 - 30Nov2015

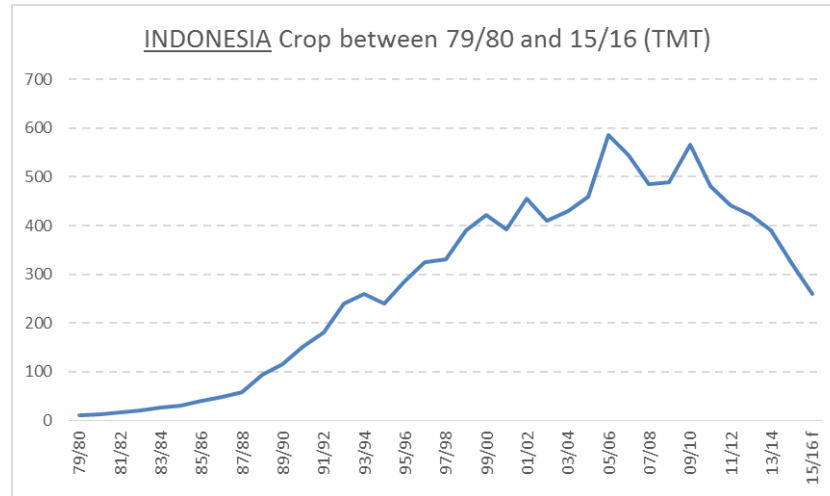


TRMM 1-Month Percent of Normal Rainfall (%)

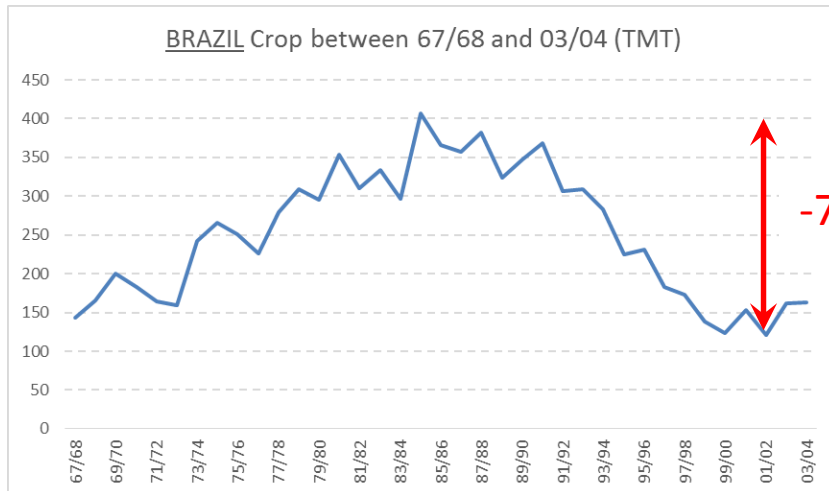
Period: 01Dec2015 - 31Dec2015



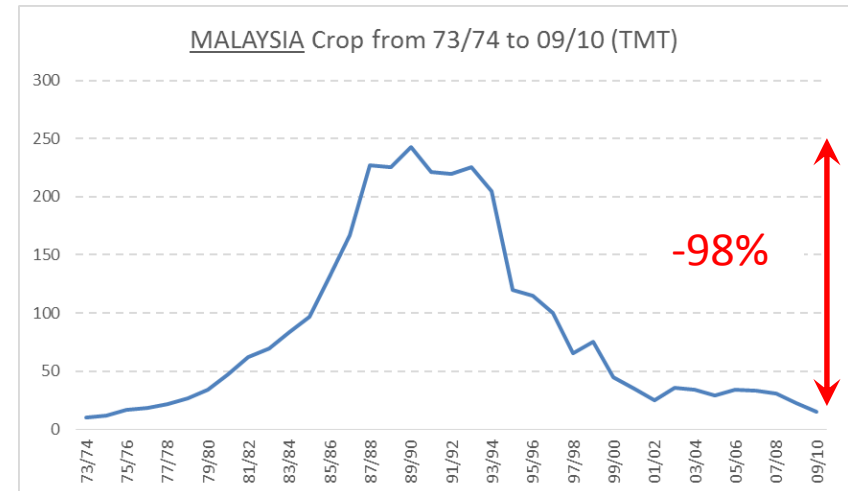
Indonesia on same track as Brazil or Malaysia – but how far?



-55%

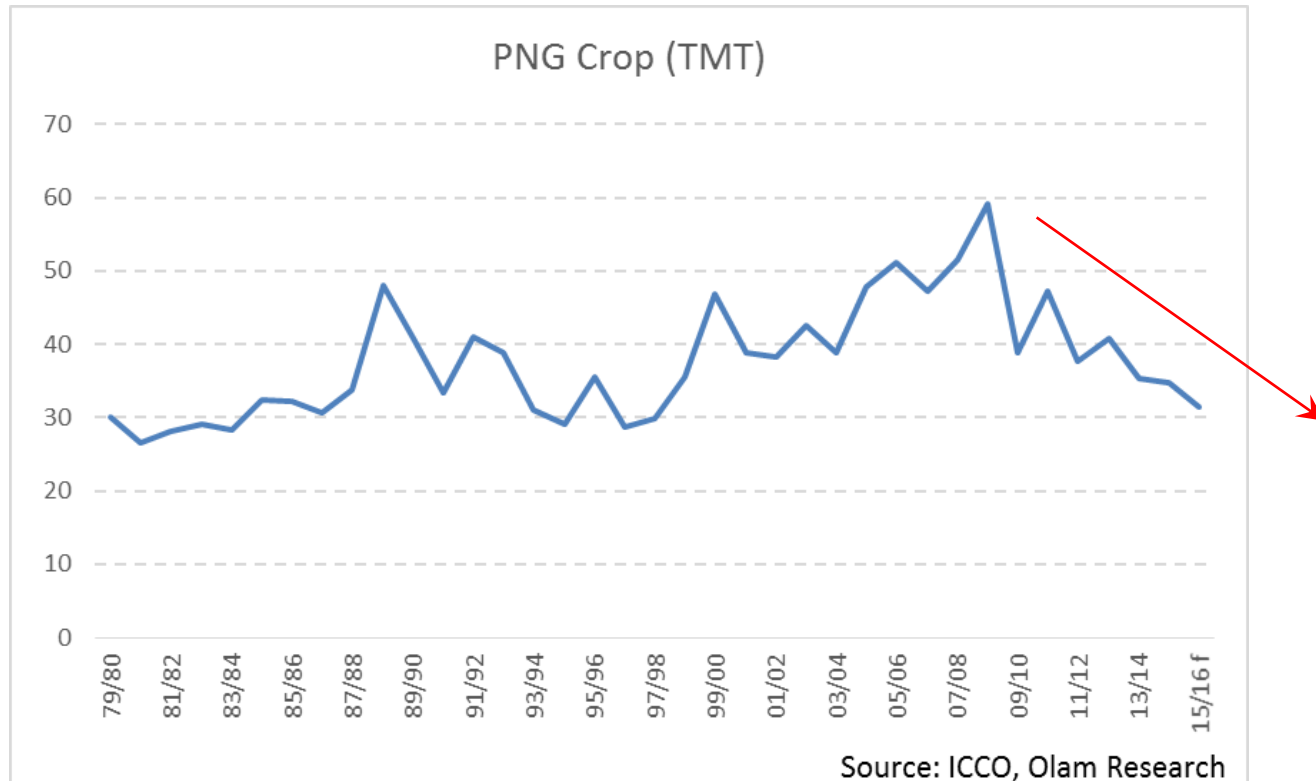


-72%



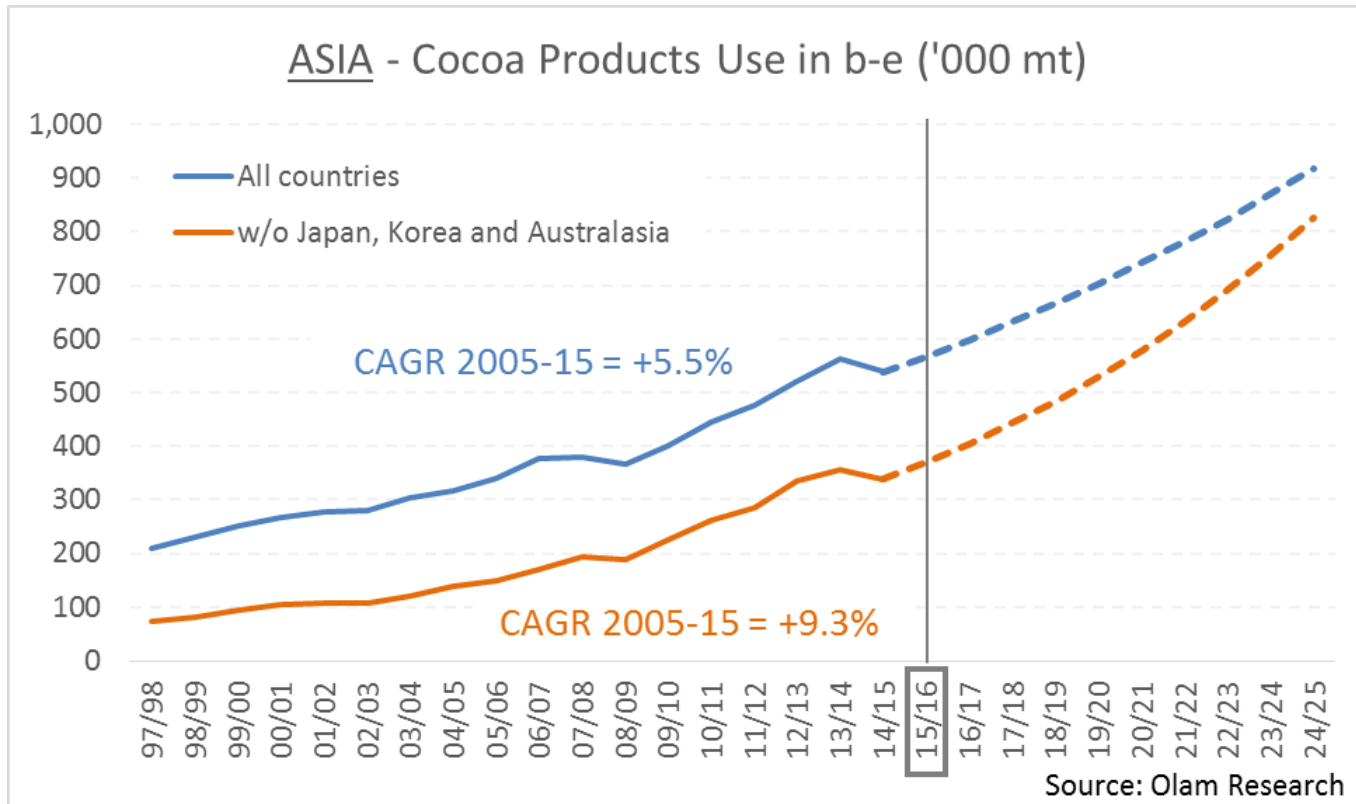
-98%

What to expect from other Asian origins ?



- PNG crop still feeling the impact of CPB infestation that decimated farms between 2008-2013. VSD also present. Recovery unlikely.
- Indian production meets less than 50% of the domestic demand. Crop is flattish. Import duties should encourage higher crop but low farmer's interest
- Production in other Asian origins very small and not really growing

Meanwhile, cocoa consumption in Asia is growing fast

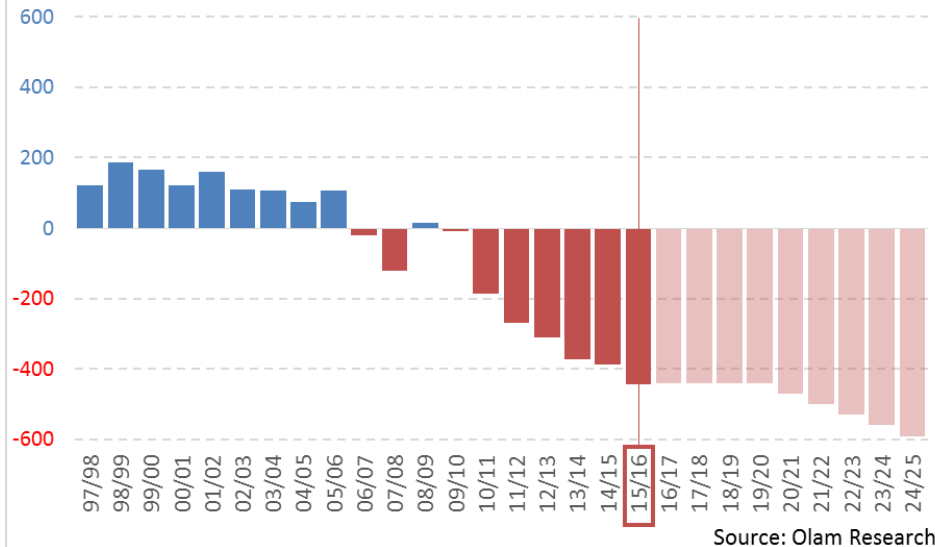


- 10-yr CAGR at +5.5% despite 5% drop in 14/15. Consumption doubles every 13 years
- If we exclude DM, growth exceeds 9% p.a. Consumption doubles every 8 years only
- Therefore, 900 TMT by 24/25 appears conservative

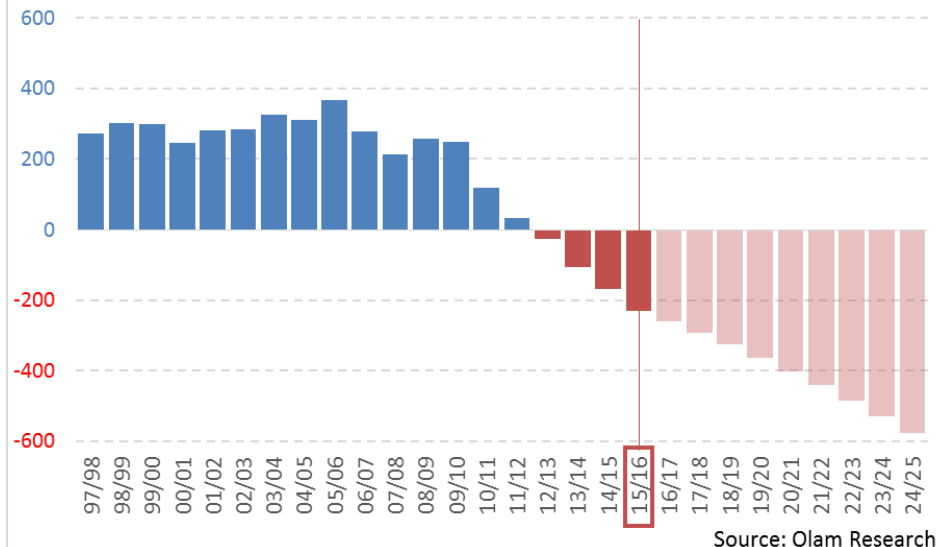
Regional deficits will continue to increase



Asia Cocoa - PRODUCTION less GRIND (tmt)



Asia Cocoa - PRODUCTION less CONSUMPTION (tmt)



- Asia's BEAN surplus vanished in 06/07. Structural deficit since 10/11.
- This deficit may stabilize in the short term, but probably not in the long term.
- Transition from a COCOA surplus to a COCOA structural deficit more recent but also faster. Going forward, this deficit will continue to increase. Eventually, Asia will become a net importer of cocoa products.

THANK YOU