EastAgri Annual Meeting

BEST FOOD:

HOW TO PRODUCE BOTH QUALITY AND QUANTITY IN EUROPE AND CENTRAL ASIA

Belgrade, Serbia - 18-19 June 2014

organized by

European Bank for Reconstruction and Development

Food and Agriculture Organization of the United Nations

funded by the EBRD, World Bank and FAO

EXPANSION INTO NEW MARKETS THROUGH QUALITY ENHANCEMENT: WHAT DOES IT TAKE?

19TH JUNE 2014, FAO/ERBD EASTAGRI ANNUAL MEETING

DIANA COWLAND – SENIOR HEALTH AND WELLNESS ANALYST

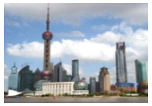
About Euromonitor International

- Global provider of Strategic Market Intelligence
- 12 Regional offices - 800+ analysts in 80 countries
- Cross-country comparable data and analysis
- Consumer focused industries, countries and consumers
- 5 - 10 year forecasts with matching trend analysis
- All retail channels covered
- Subscription services, reports and consulting

London

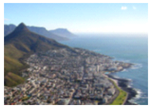

Chicago


Singapore


Shanghai


Dubai


Vilnius


Cape Town


Santiago


Tokyo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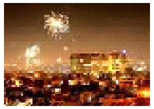
Bangalore


Sao Paulo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WHAT CAN BE LEARNT FROM ORGANIC?

FOCUS ON THE EASTAGRI REGION

CONCLUSION

US$ 32.3Bn

GLOBAL RETAIL SALES IN 2013

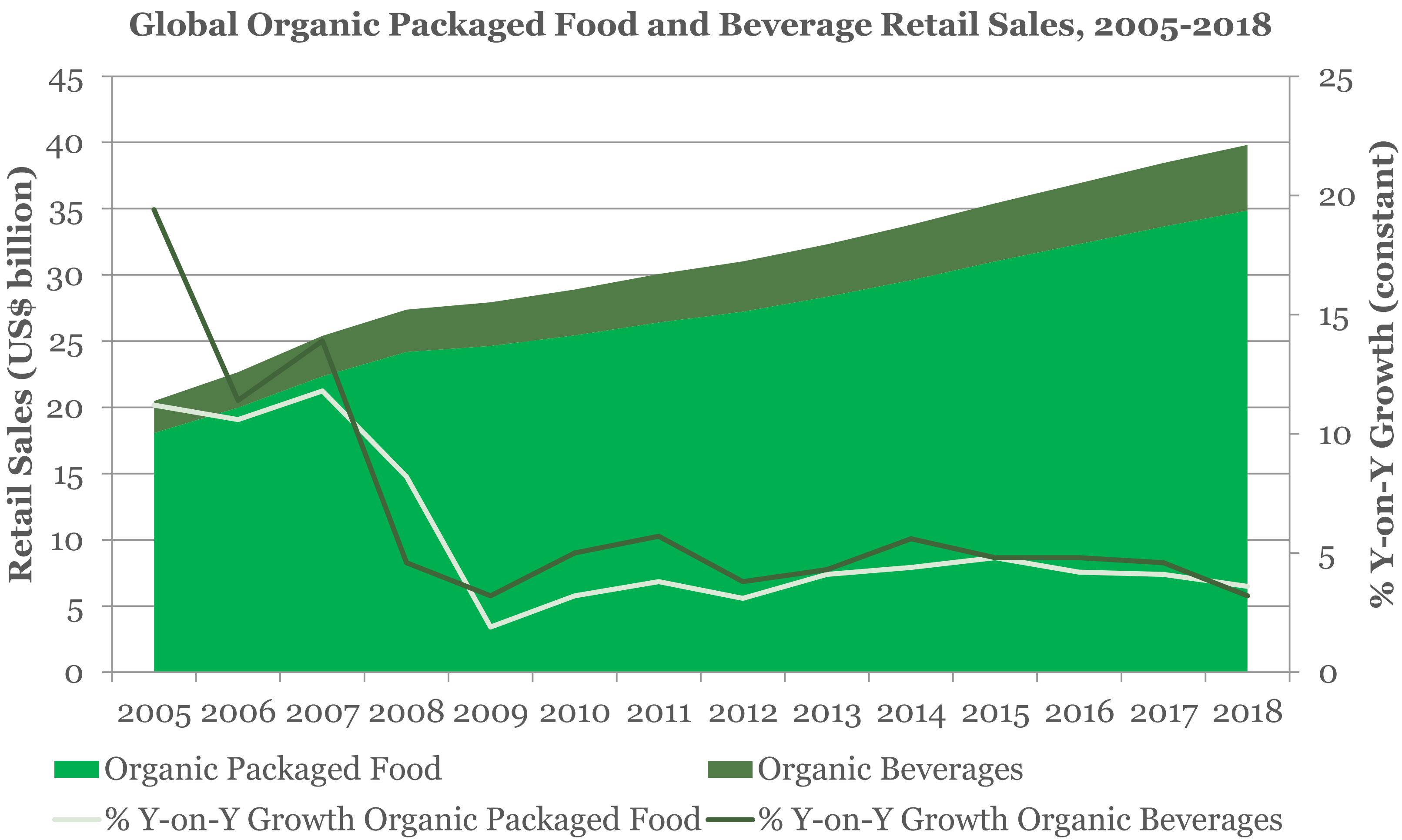
4.2%

GLOBAL GROWTH IN 2013

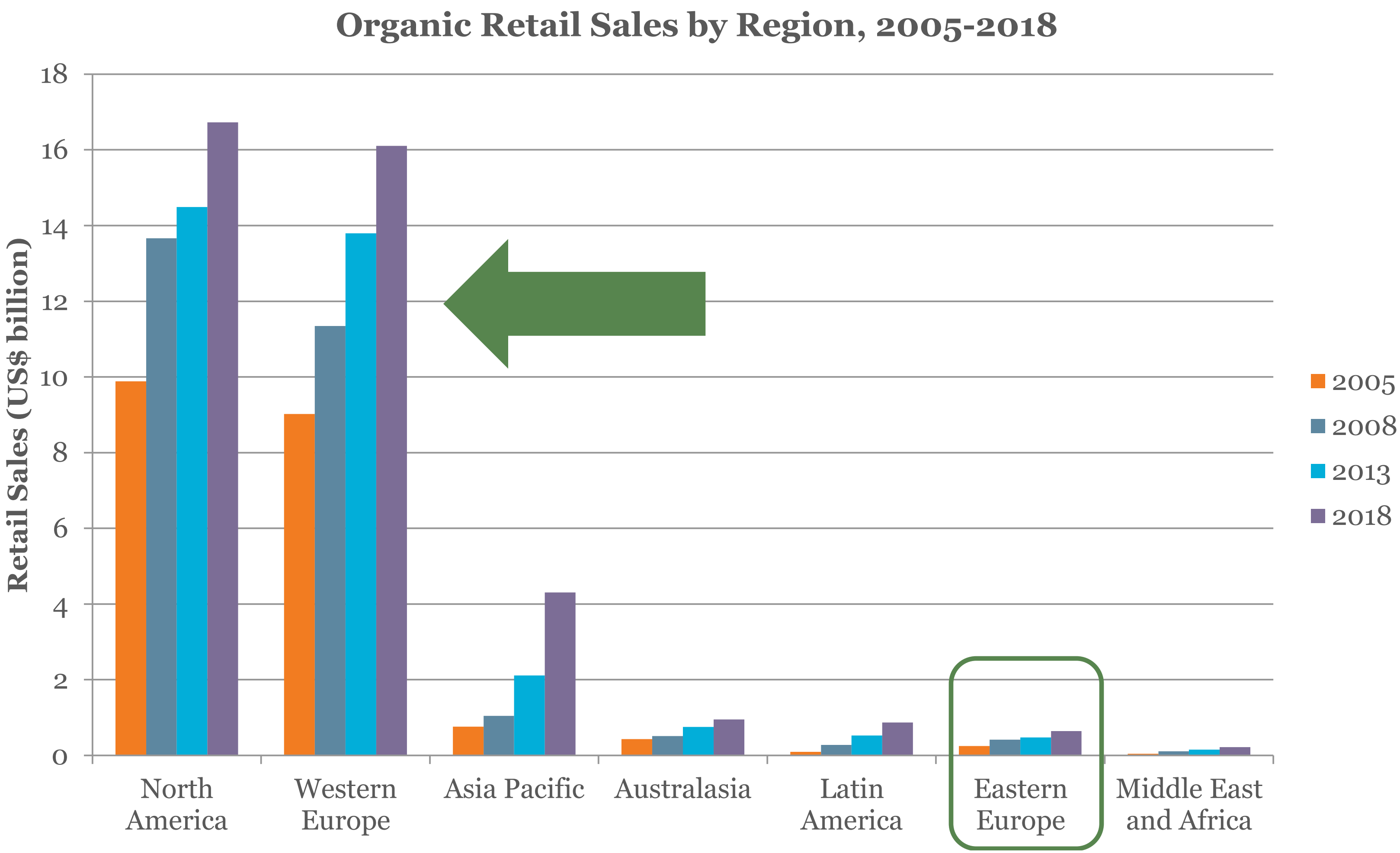
US$ 7.5Bn

EXPECTED NEW SALES OVER 2013-2018

Potential For Organic Remains Good Despite Economic Slowdown



Organic Retail Sales Set to Reach US$39.8Bn in 2018: Lead By North America and Western Europe



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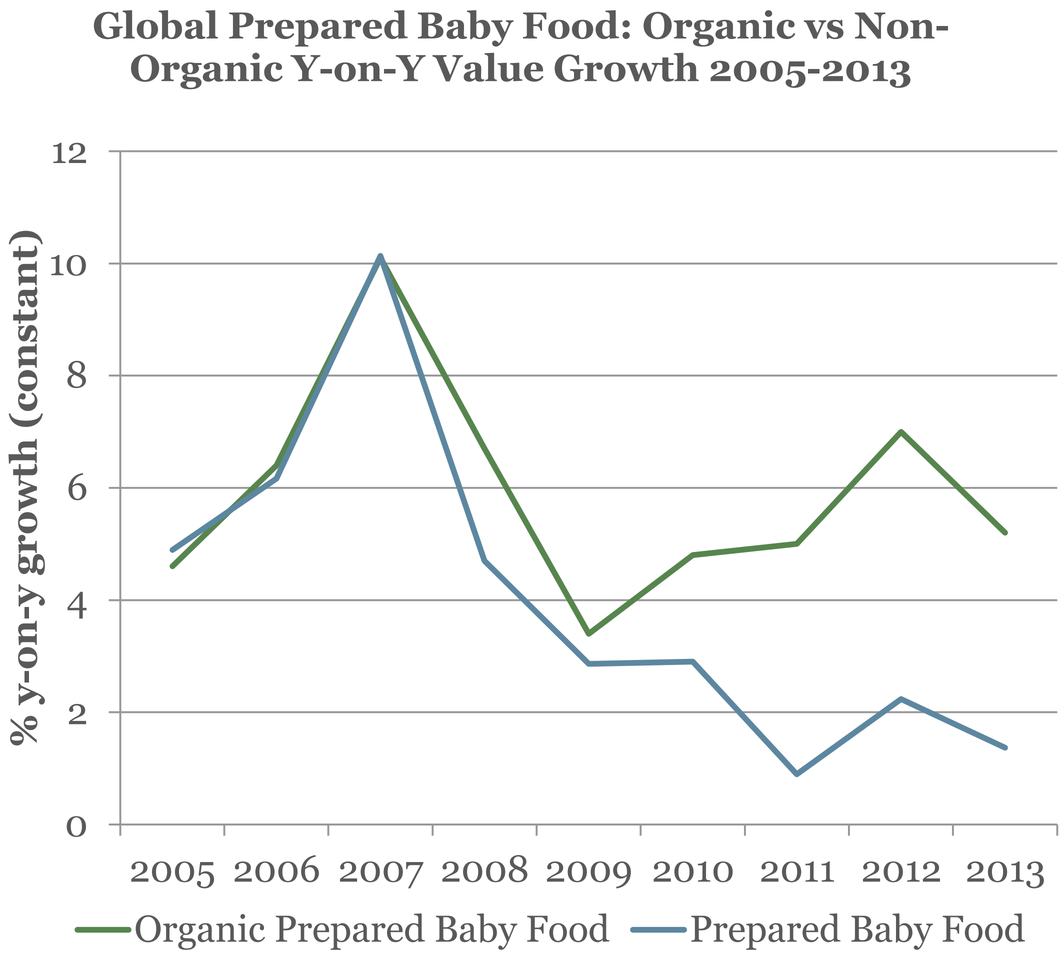
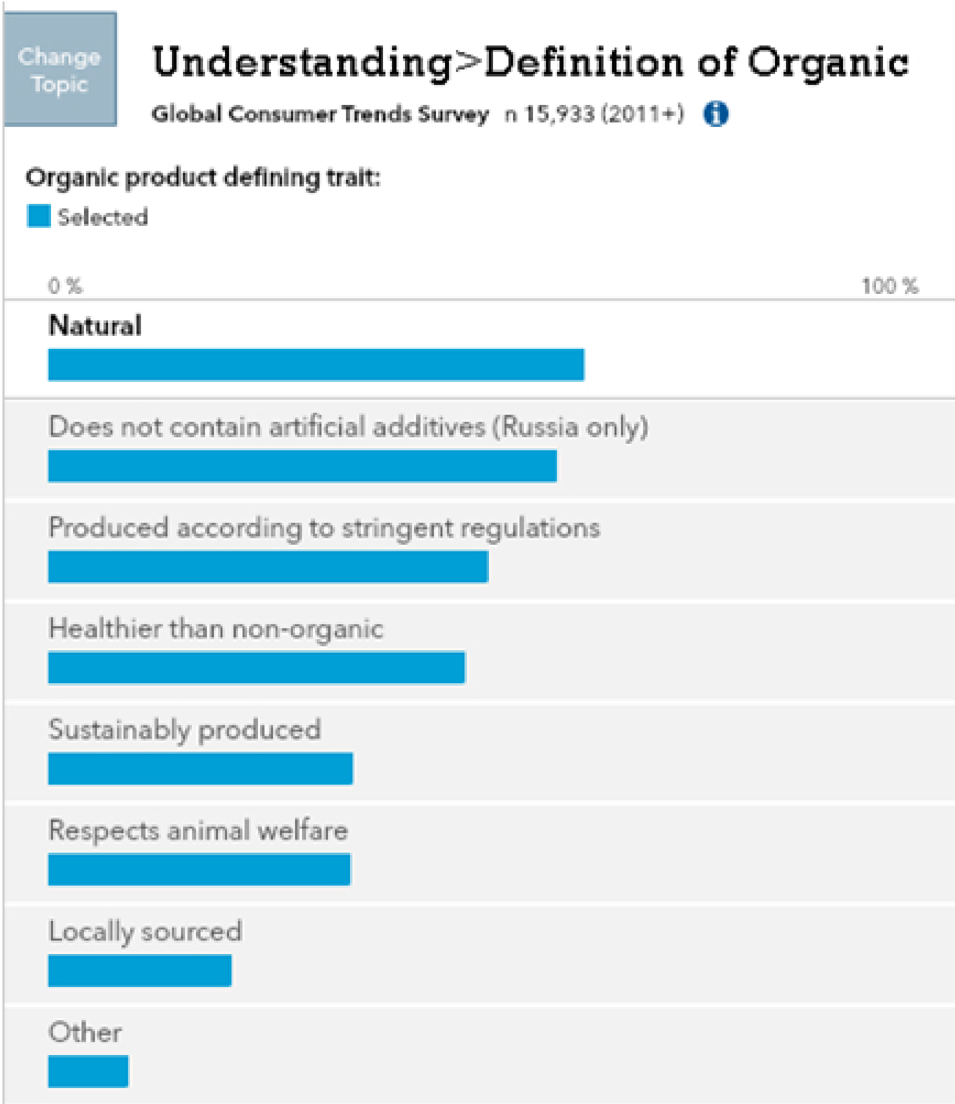
Case-Study: Organic Baby Food Out-Performs Conventional Baby Food



Organic Baby Food Offers **Organic +**

- Consumer Group
- Safety
- Functional
- Convenience
- Lower Unit Price

Need for Uniform Legislation and Consumer Education



Key Findings From Survey

Consumers tend to think of "organic" as meaning the same thing as "natural"

Only half of shopper believe 'natural' and 'organic' products are produced by stringent regulations

Need for more stringent legislation

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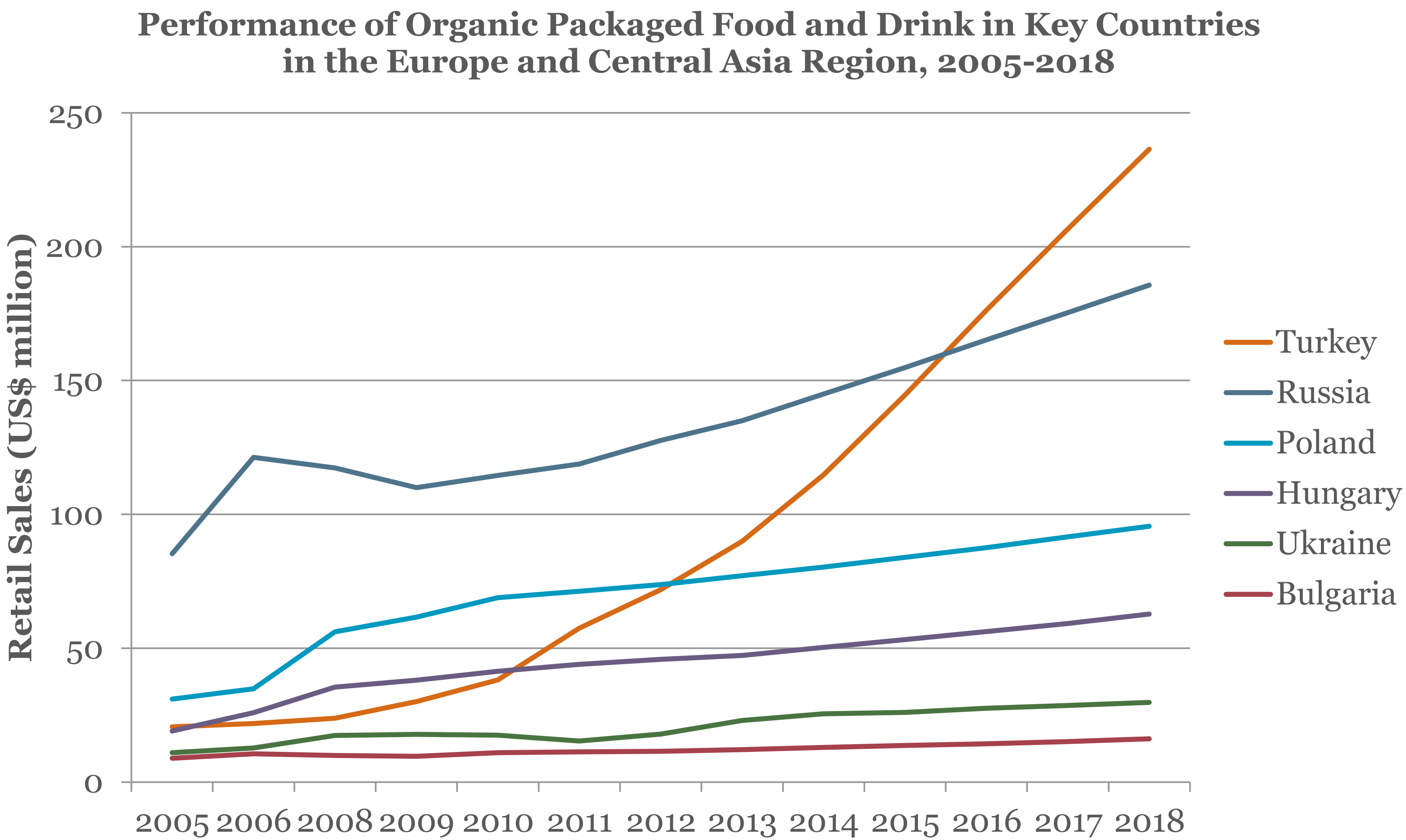
Russia Leads in 2013 But Turkey Set to Gain No.1 Spot in 2016



Note: Countries listed in this slide are those covered by Health and Wellness Research

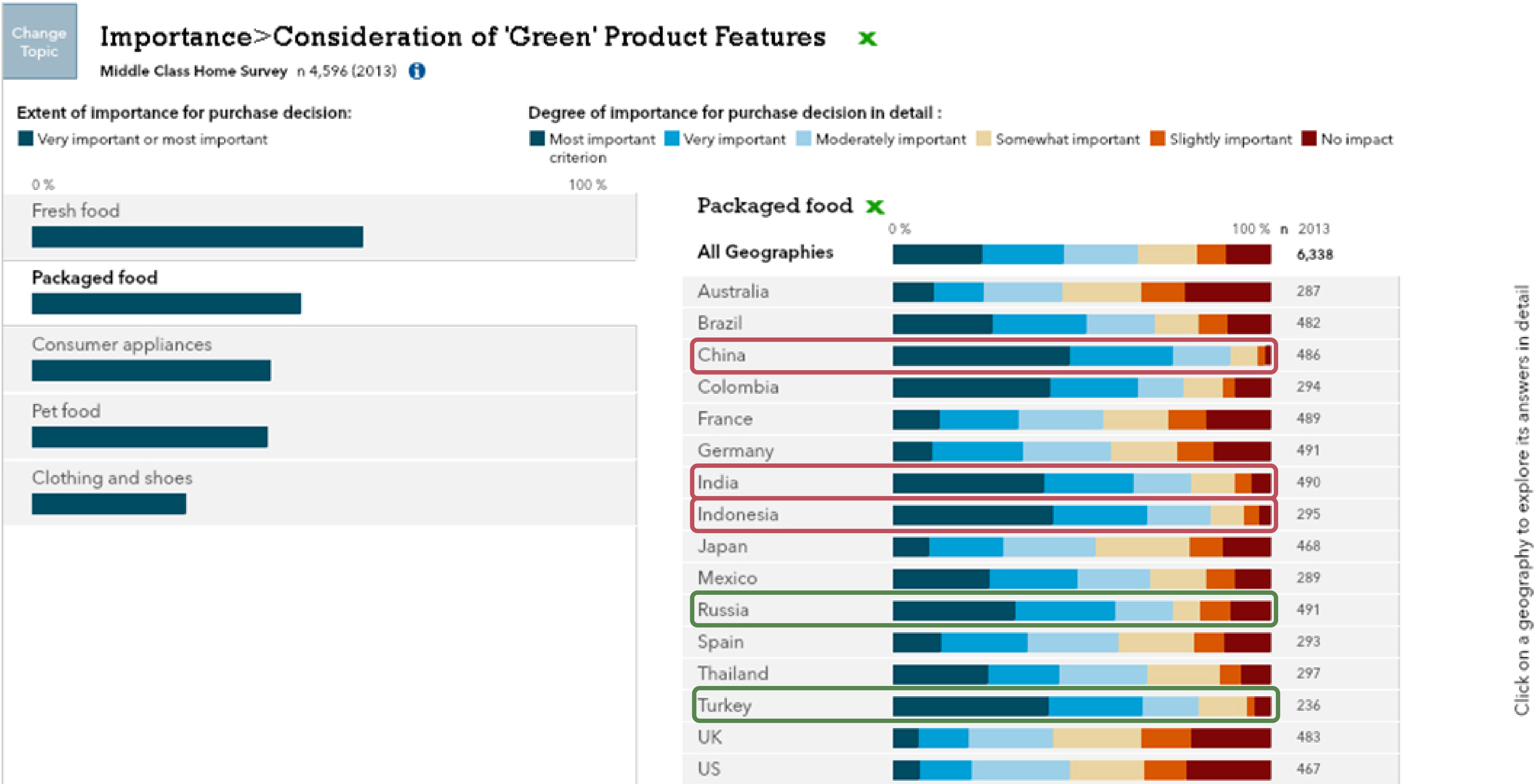
Regulation Only Recently Being Enforced In Eastern Europe

Russia
- Absence of organic standards
- Domestic farmers and manufacturers set to obtain EU certification → drive up price of organic food
- Majority is imported → specialist retailers

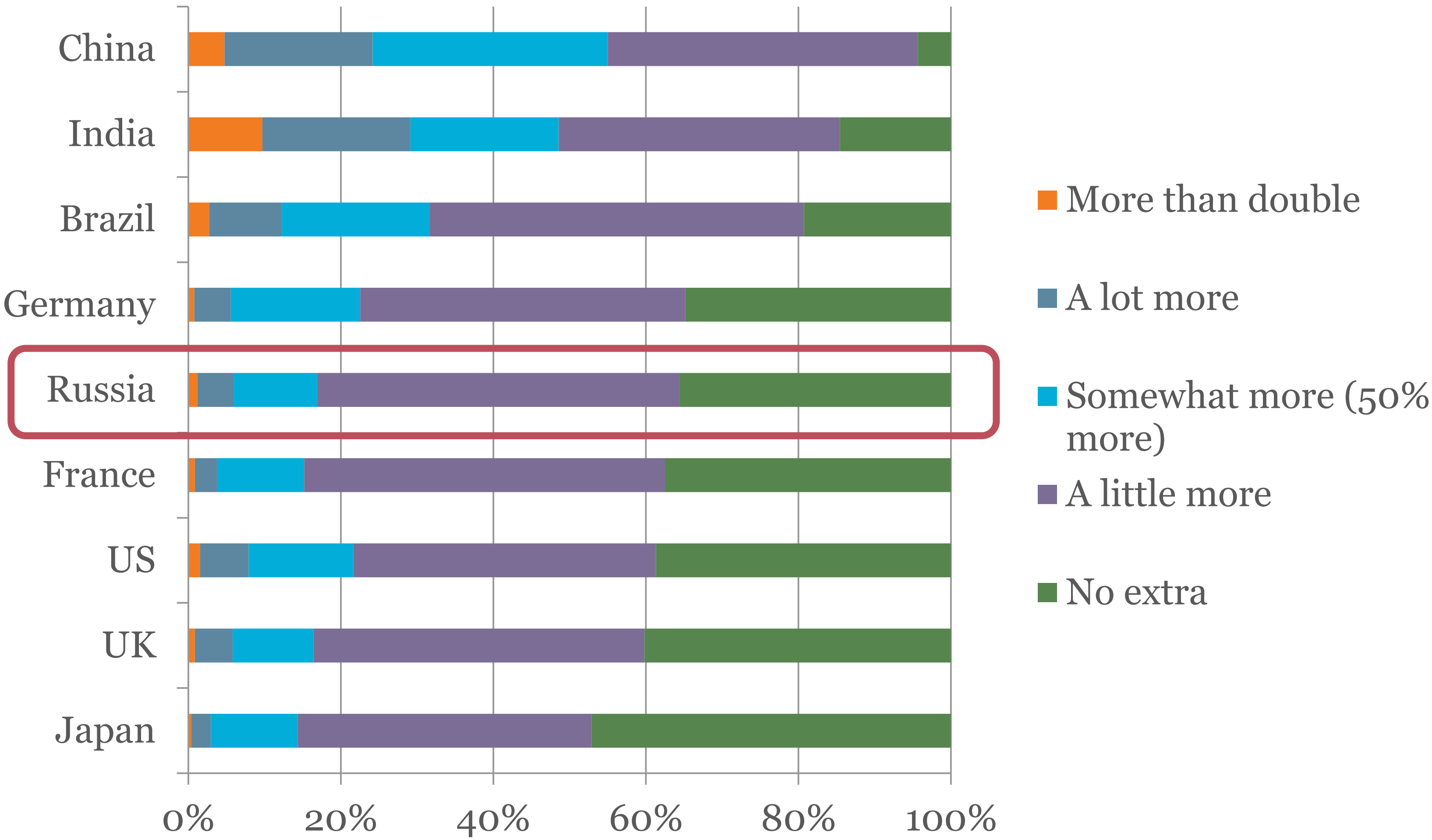
Bulgaria
- Manufacturers used to take advantage of the relaxed regulation by labelling their products as Organic or Bio
- New regulation compliant with EU legislation

Ukraine
- Law for Ukraine on Production and Trade of Organic Produce approved on September 3 2013
- Law to come into force in 2014
- In 2013 0.7% arable land dedicated to organic farming

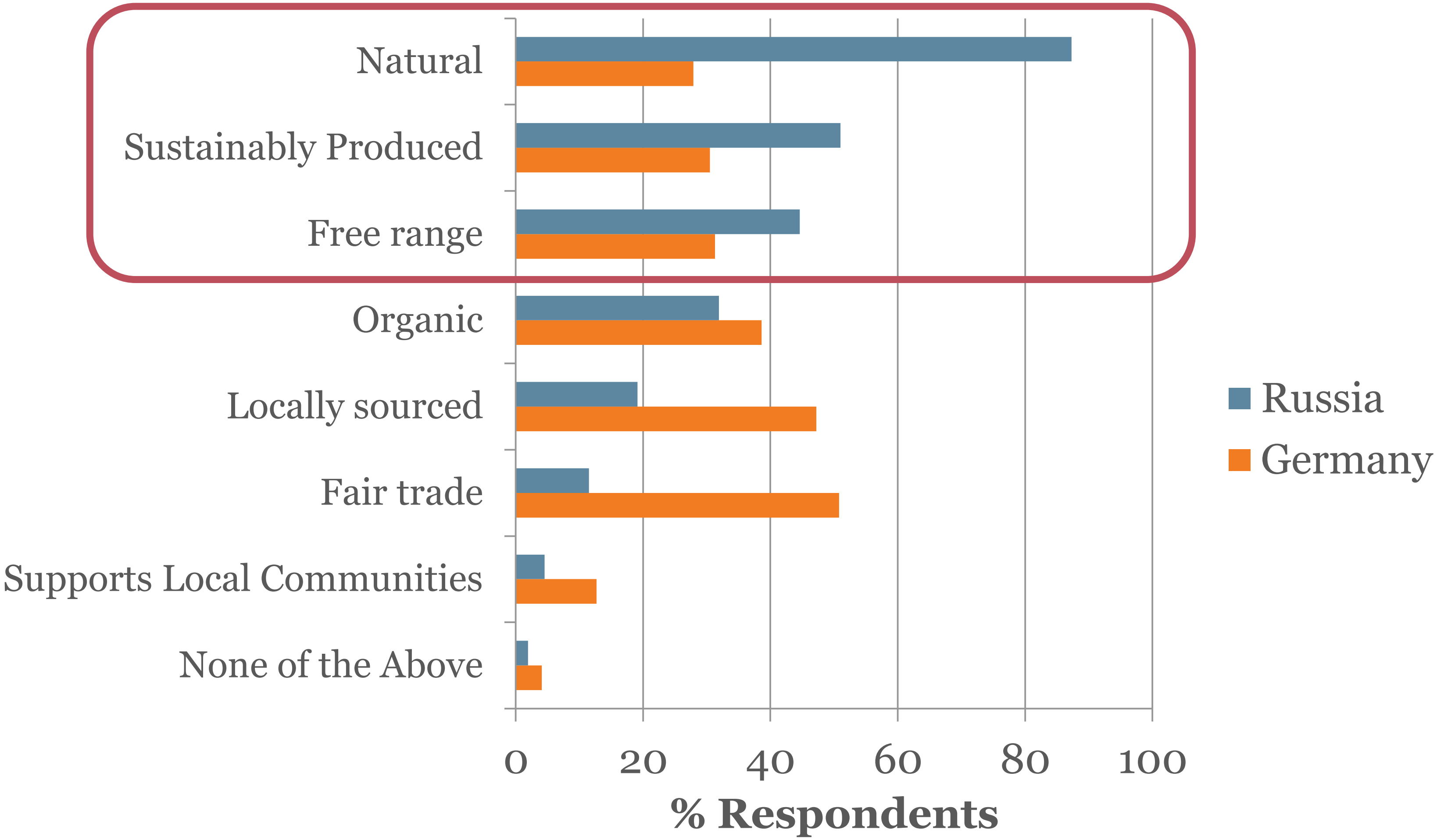
Green Features Important to Russian and Turkish Consumers



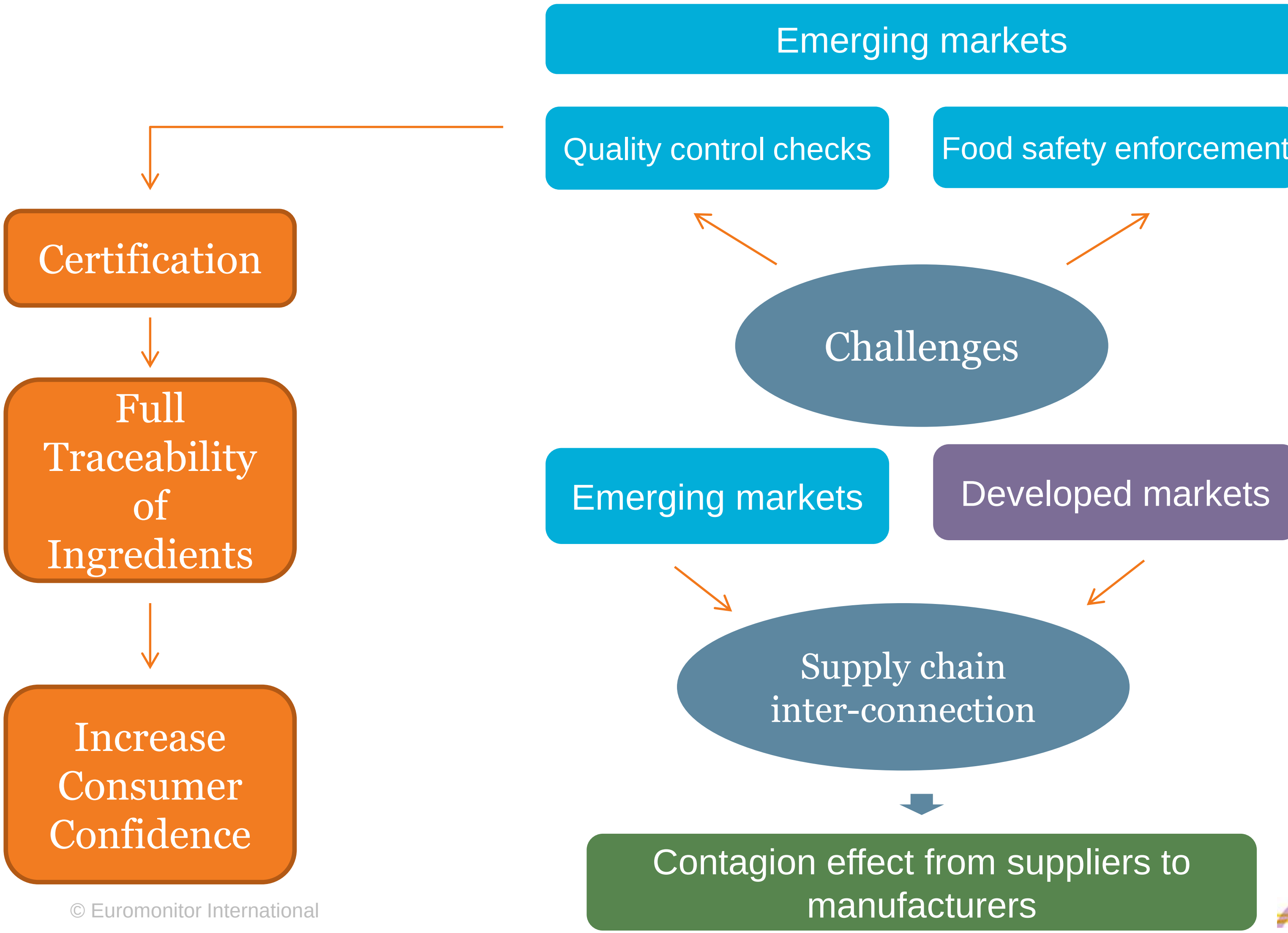
60% of Russian Willing to Pay More For Environmentally/Ethically Conscious Products



Russian Consumers Most Willing To Pay For Natural Products: In Comparison Germans Looking For Fair Trade



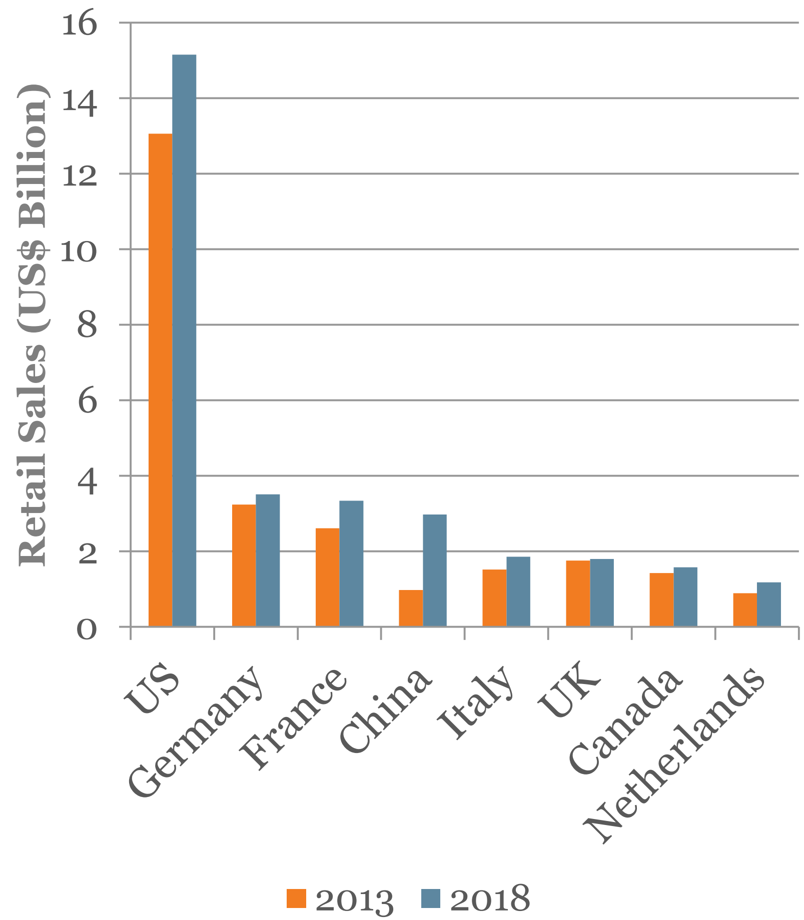
Traceability and Transparency in The Food Chain



Opportunities to Capitalise on EU & USDA Trade Agreement

June 2012

Billion Dollar Organic Markets



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Influences On Consumers' "Green" Purchasing Decisions & Willingness To Pay

Consumer

- Understanding of 'green' terms
- Health
- Trust in 'green' labels
- Regional/ cultural beliefs

Market Conditions

- Economic Conditions
- Availability
- Price
- Legislation

THANK YOU FOR LISTENING

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Organic Beverage Category Breakdown

Organic Hot Drinks

Organic Coffee

Organic Fresh Coffee

Organic Instant Coffee

Organic Tea

Organic Black Tea

Organic Fruit/Herbal Tea

Organic Green Tea

Organic Other Hot Drinks

Organic Chocolate-based Flavoured Powder Drinks

Organic Plant-based and Malt-based Hot Drinks

Organic Soft Drinks

Organic Non-Cola Carbonates

Organic Concentrates

Organic Liquid Concentrates

Organic Powder Concentrates

Organic Fruit/Vegetable Juice

Organic 100% Juice

Organic Juice Drinks (up to 24% Juice)

Organic Nectars (25-99% Juice)

Organic Packaged Food Category Breakdown

Organic Baby Food	Organic Confectionery	Organic Cream
Organic Milk Formula	Organic Chocolate Confectionery	Organic Flavoured Milk Drinks
Organic Dried Baby Food	Organic Sugar Confectionery	Organic Fromage Frais and Quark
Organic Prepared Baby Food	Organic Sugarised Sugar Confectionery	Organic Milk
Organic Other Baby Food	Organic Sugarised Boiled Sweets	Organic Reduced Fat Milk
Organic Bakery Products	Organic Sugarised Pastilles, Gums, Jellies and Chews	Organic Standard Milk
Organic Biscuits	Organic Sugarised Toffees, Caramels and Nougat	Organic Powder Milk
Organic Bread	Organic Sugar-free Sugar Confectionery	Organic Sour Milk Products
Organic Breakfast Cereals	Organic Dairy	Organic Non-Dairy Milk Alternatives
Organic Cakes	Organic Chilled and Shelf Stable Desserts	Organic Soy Drinks
Organic Canned/Preserved Food Excluding Ready Meals, Soup and Pasta	Organic Soy-based Chilled and Shelf Stable Desserts	Organic Soy Milk
Organic Chilled Processed Meats, Fish/Seafood and Lunch Kit	Organic Dairy-based Chilled and Shelf Stable Desserts	Organic Other Non-Dairy Milk Alternatives
	Organic Cheese	
	Organic Condensed/Evaporated Milk	

Organic Packaged Food Category Breakdown II

Organic Yoghurt	Organic Pasta	Organic Nuts
Organic Soy-Based Yoghurt	Organic Ready Meals	Organic Sweet and Savoury Snacks Excl Nuts and Fruit Snacks
Organic Dairy-based Yoghurt	Organic Rice	
Organic Dessert Mixes	Organic Sauces, Dressings and Condiments	
Organic Frozen Processed Food Excluding Ready Meals, Pizza, Soup and Noodles	Organic Snack Bars	
Organic Ice Cream	Organic Fruit Bars	
Organic Noodles	Organic Granola/Muesli Bars	
Organic Oils and Fats	Organic Other Snack Bars	
Organic Butter	Organic Soup	
Organic Olive Oil	Organic Spreads	
Organic Regular Spreadable Oils and Fats	Organic Spreads excl Honey	
Organic Vegetable and Seed Oil	Organic Sweet and Savoury Snacks	
	Organic Fruit Snacks	