

HYBRID	 WORLD CASHEW CONFERENCE	Jointly organised by Cashewinformation.com &  AEC-CI <small>ASSOCIATION DES EXPORTATEURS DE CACHOU DE CÔTE D'IVOIRE</small>
	JNEC-CI Journées Nationales des Exportateurs de Cajou de Côte d'Ivoire	16-18 Feb, 2022 Radisson Blu Hotel Abidjan, Cote d'Ivoire



AUSTRALIA & NEW ZEALAND MARKET REVIEW

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Scalzo Food Industries

February 2022



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Scalzo has market operations across **Australia** and **New Zealand** with offices and warehousing located Melbourne, Sydney, Brisbane, Perth and Auckland, NZ

Scalzo has **3 Manufacturing Facilities:**

- 2 in Melbourne Victoria
- 1 in Auckland, New Zealand



Scalzo is also a primary grower & supplier of Australian :

- Sultanas and Currants
- Plant Protein (Fava Beans)
- Walnuts

Nuts and specifically **cashew nuts** are an integral product for Scalzo as we deal extensively in both the ingredient industry and with major retail accounts direct – being both a trader and roaster, we see firsthand the issues our customer base may encounter

Australian and New Zealand Cashew Industry



- The Australian and New Zealand market per capita are among the largest cashew consumers in the world
- Most of the volume is directed towards the end consumer for snacking as an oil roasted and salted product – larger 400gram and 800gram packs in the Fresh Produce section of the Supermarkets are where most of the volume is moved
- The largest market for the much smaller ingredients segments in both Australia and New Zealand are Dips which include cashew pieces
- Cashews are not typically used for sweets in the Australian or New Zealand market
- Cashews lag behind Almonds in the ingredient space for a number of reasons including:
 - Western cultural taste preference
 - Confidence as a ready to use product in food products
 - Health awareness as almonds are generally not oil roasted and salted
 - Comparative difficulty in committing to long term cashew contracts compared to securing almonds
 - Specifically for Australia – almonds are a major locally grown product and a short transit to New Zealand

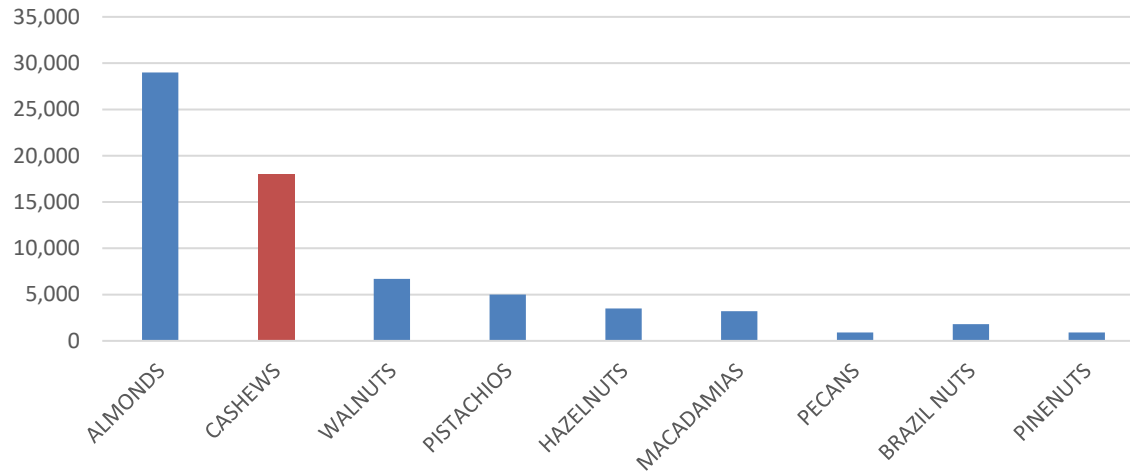


Australian Market Comparison

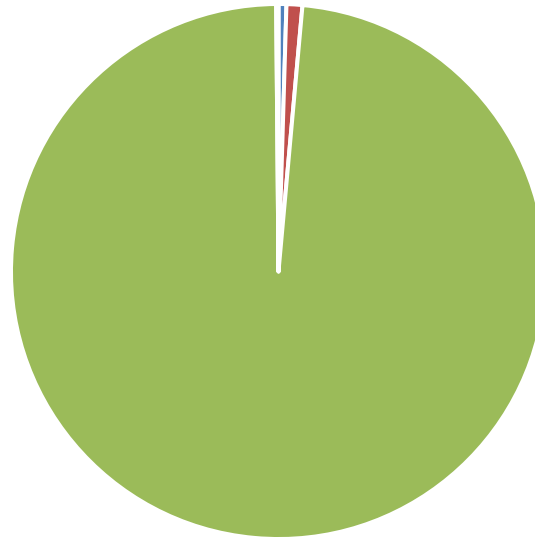


Australia's population is 25.7 million. Australian cashew consumption in both dollar terms and volume has been and continues to be a clear 2nd behind Almonds which has a large domestic crop

Australian Volume MT



Australian Imports by Origin



■ INDONESIA ■ BRAZIL ■ VIETNAM ■ MOZAMBIQUE ■ SRI LANKA

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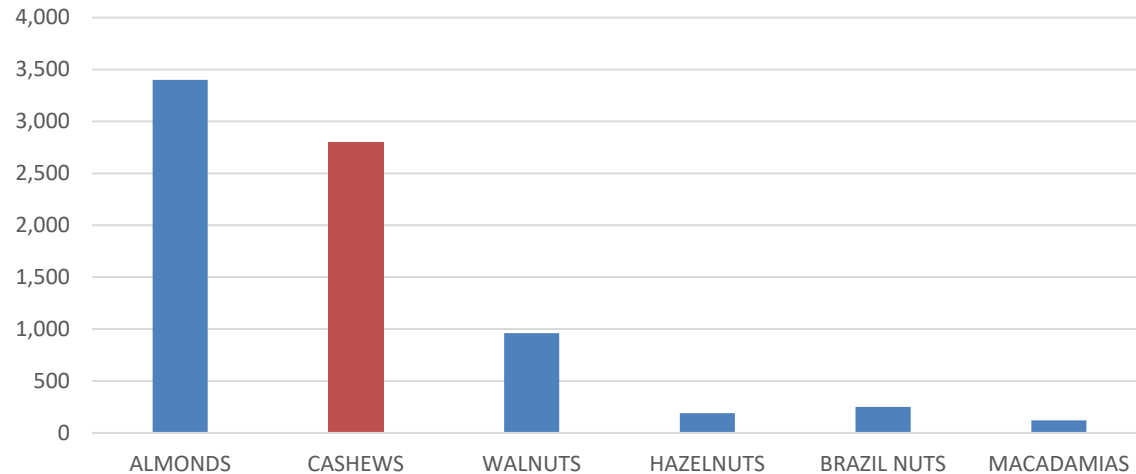
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New Zealand Market Comparison

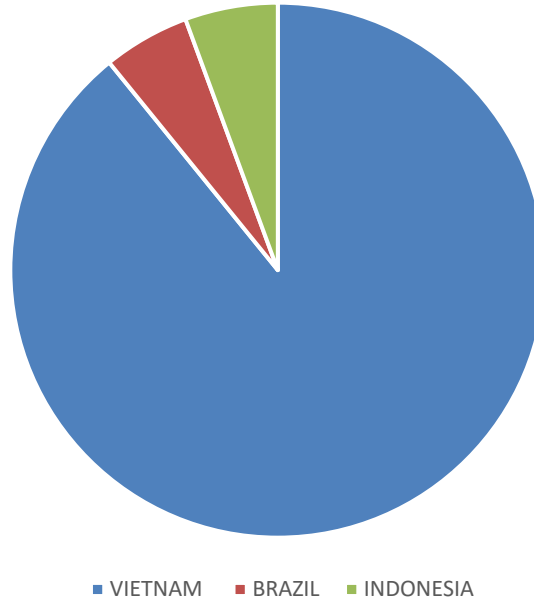
There are no commercial or largescale nut industries in New Zealand so the graphs above are pure imports. New Zealand is a relatively large market for such a small population of 5.08 million because there is a relatively large export market where manufacturers ship finished product to Australia, USA and other markets.

New Zealand MT

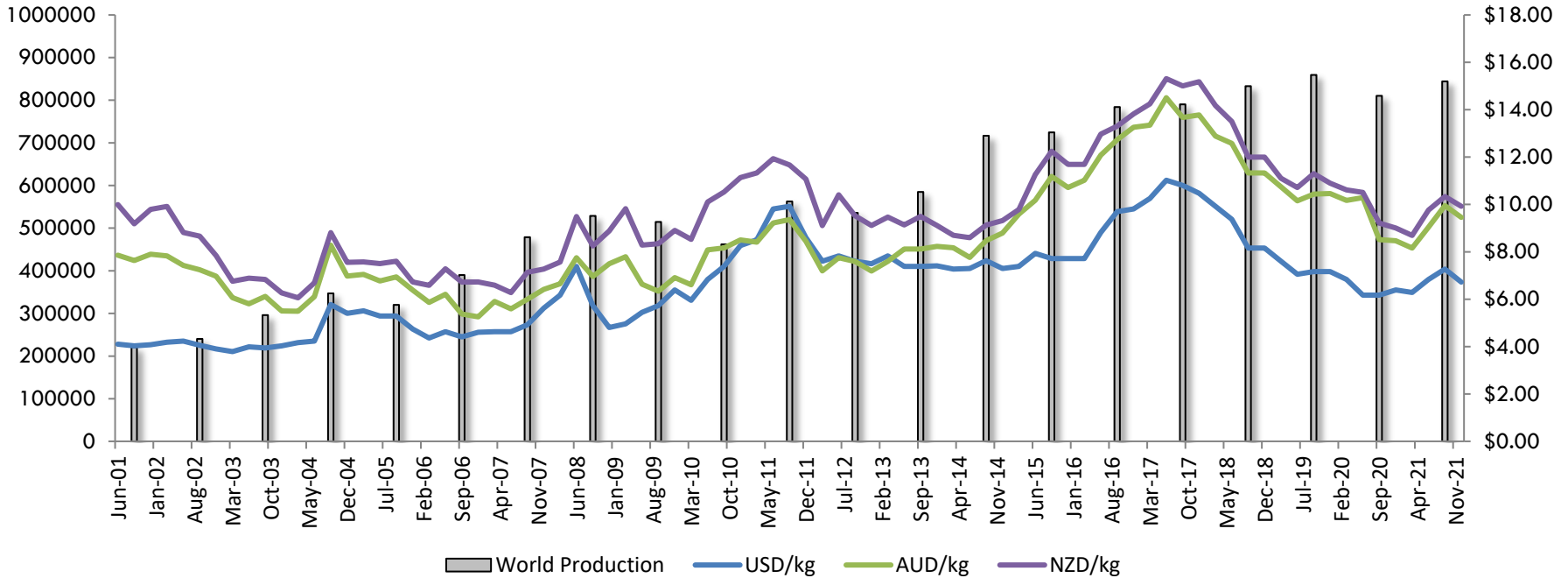


New Zealand Imports by Origin

Logistics has been difficult with everyone these past 2 years however shipping to New Zealand has been more difficult than Australia due to so few carriers wanting to service this comparatively less profitable market



W320 FOB Kernel Pricing in USD, AUD & NZD



Risk Matrix Compared To Other Nuts

SUPPLY RISK MATRIX



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Logistical Challenges



- All major markets had their share of logistical challenges – omitted routes, different routes, different shipping lines all being a factor
- We did notice fewer carriers wanting to call on Australian ports and longer voyage times
- Australian importers had to branch out and utilize back-up carriers at spot market rates (much higher than contracted) in order to maintain supply
- For the New Zealand market, the problems (not just for cashews but most commodities) were far worse than Australia. New Zealand is a small and at current freight rates, a less desirable destination with infrastructure that has struggled to keep up with demand
- We see further increasing freight rates and worsening service levels for 2022 shipments

Thank you!



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