



Australian Export Grains Innovation Centre

Alternative Barley Markets Update

Richard Simonaitis, AEGIC CEO



Department of
Primary Industries and
Regional Development



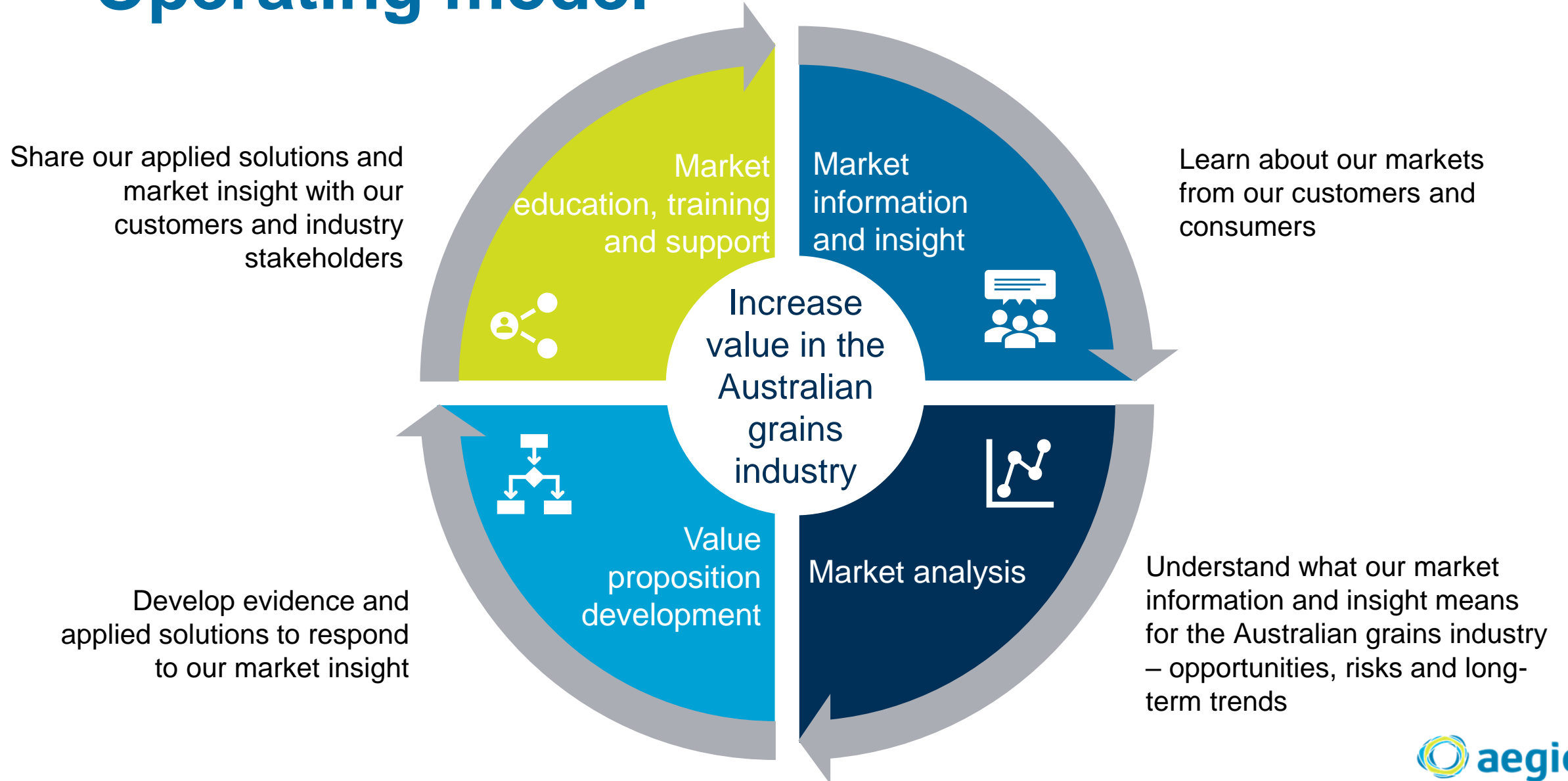
AEGIC is an initiative of the Western Australian State Government and Australia's Grains Research and Development Corporation



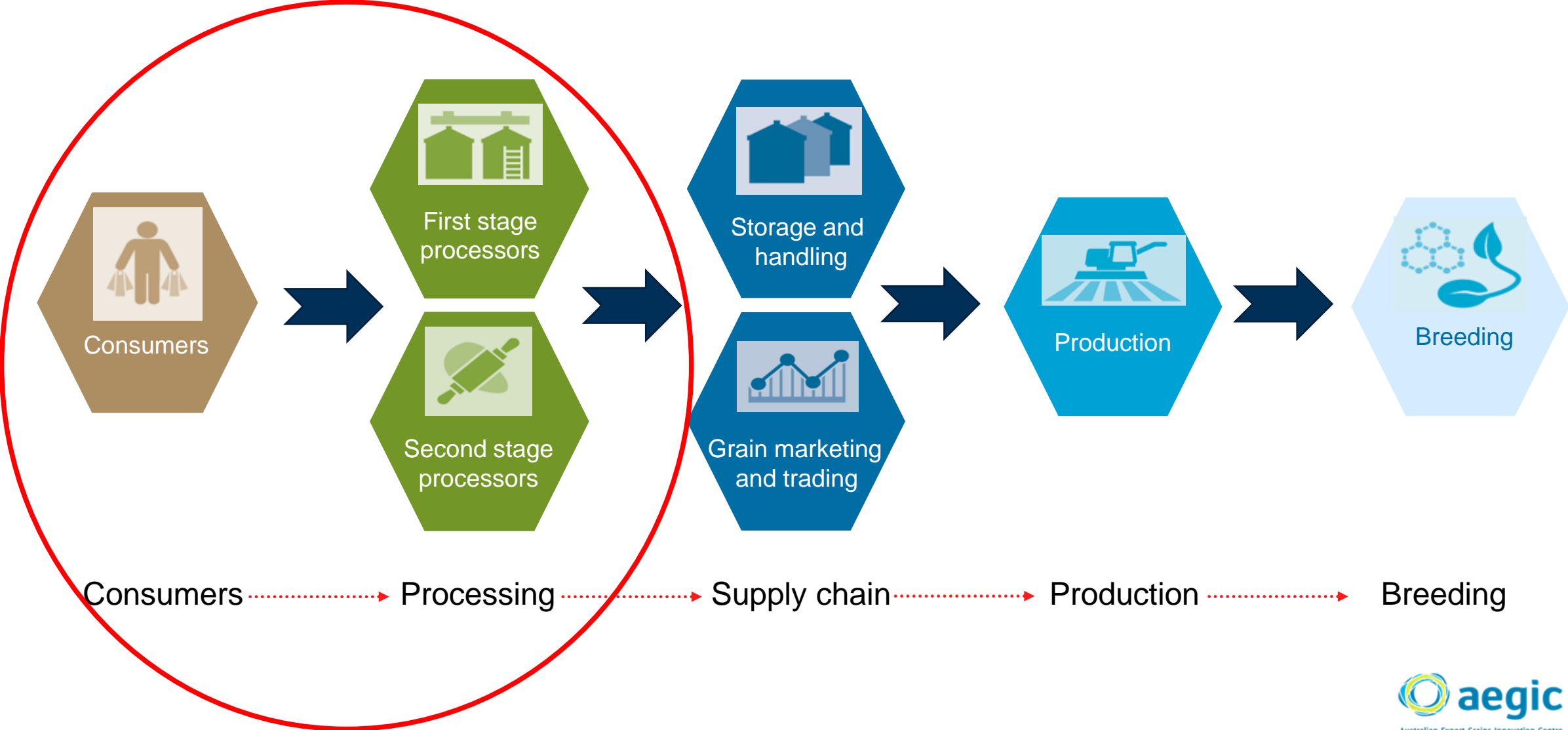
For discussion

- **AEGIC operating model**
- **Market signals and drivers**
- **What is AEGIC doing about it**

Operating model



Where we work



FEEDBACK

THE 10 MOST IMPORTANT FEEDBACK POINTS

11 NOVEMBER 2019



10 FARM
SEASONAL TIPS & TOOLS

10 FARM
BUDGETING
TIPS ON BUDGETS

10 FARM
BUDGETING
TIPS ON BUDGETS



Honest

Kind

Down to earth

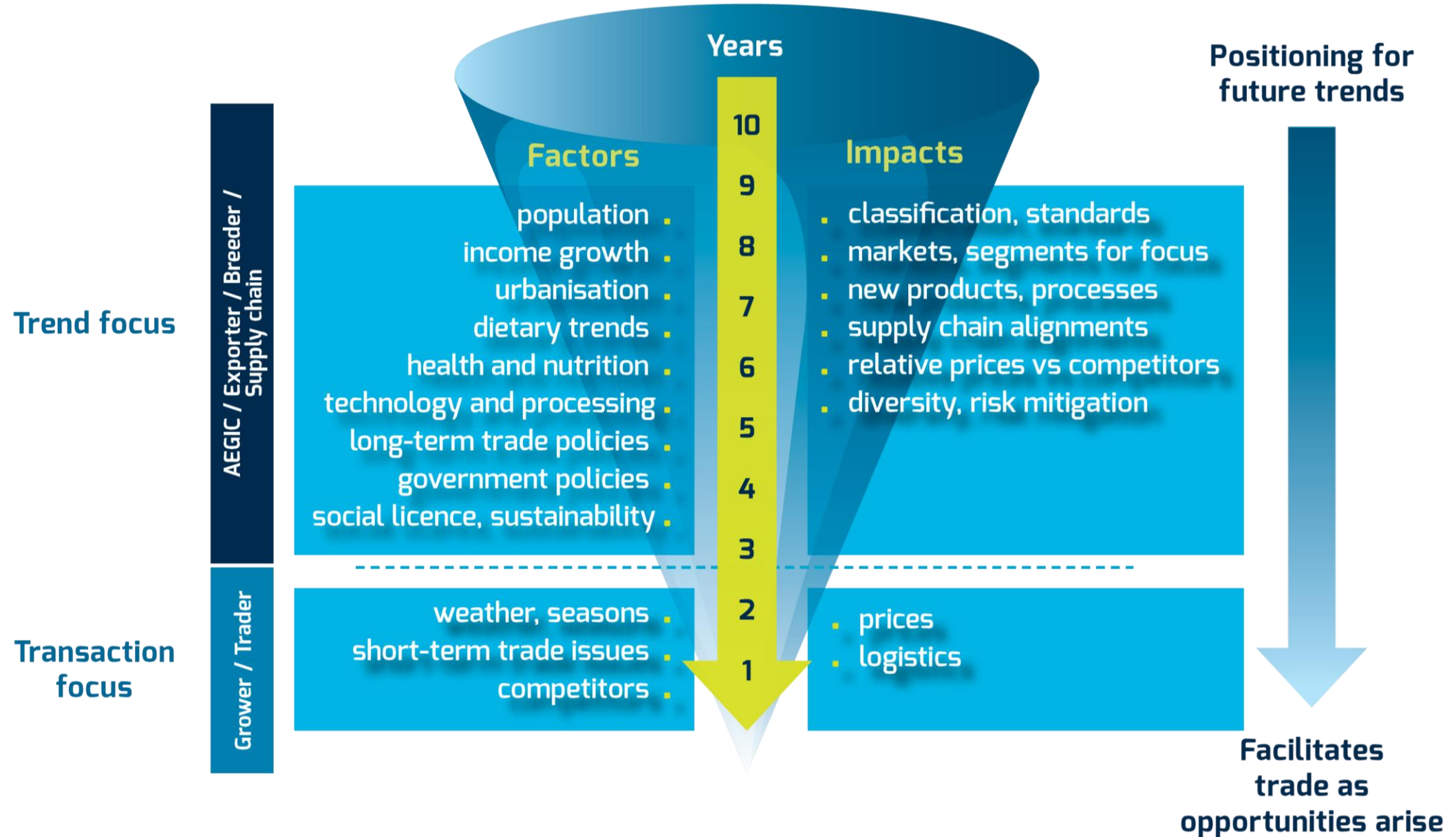
Trustworthy

Natural

A 'Rancher'

Source: Andrew Cox – General Manager, International Markets, Meat & Livestock Australia

Long-term perspective





Market signals and drivers

Drivers of domestic demand growth

Population (local and global)



Income & Diet



Local Population Change

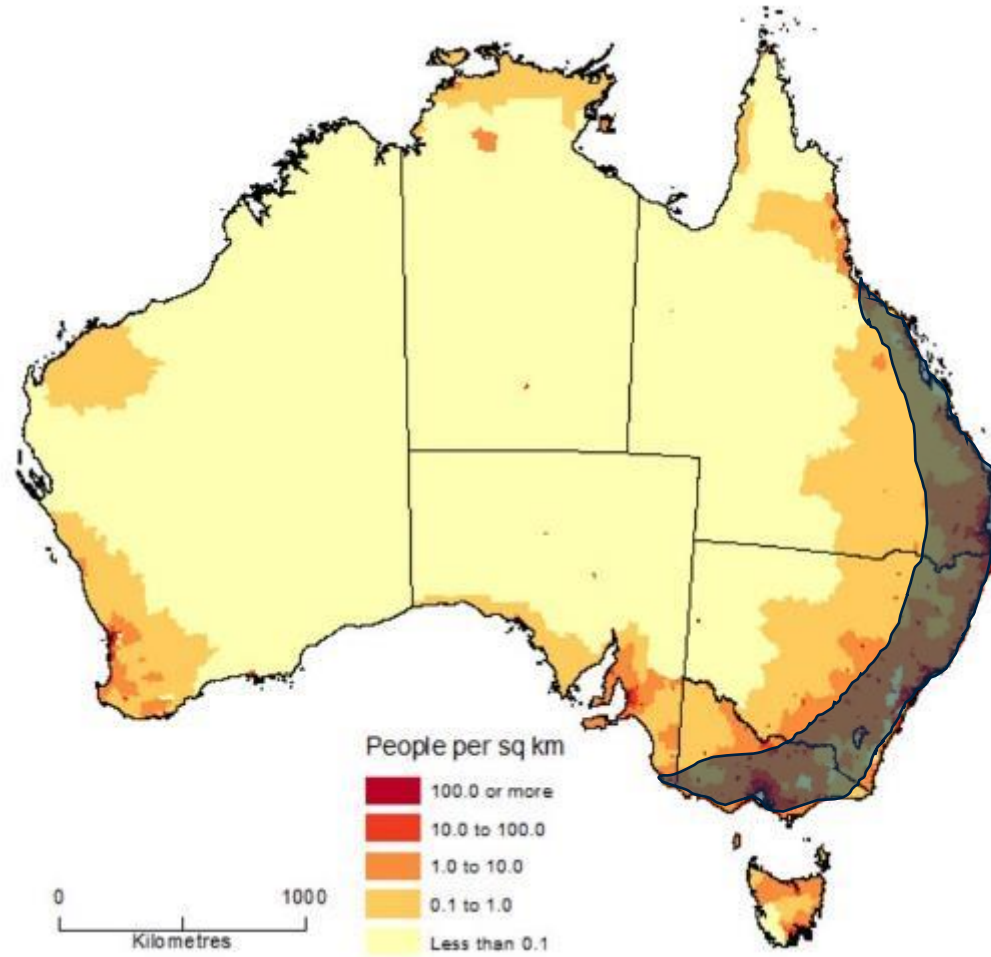
By 2030, ~ 30 million Australians



Population density



~5 million



~ $\frac{3}{4}$ will
reside here

Diets

Direct consumption of grains



Indirect consumption of grains

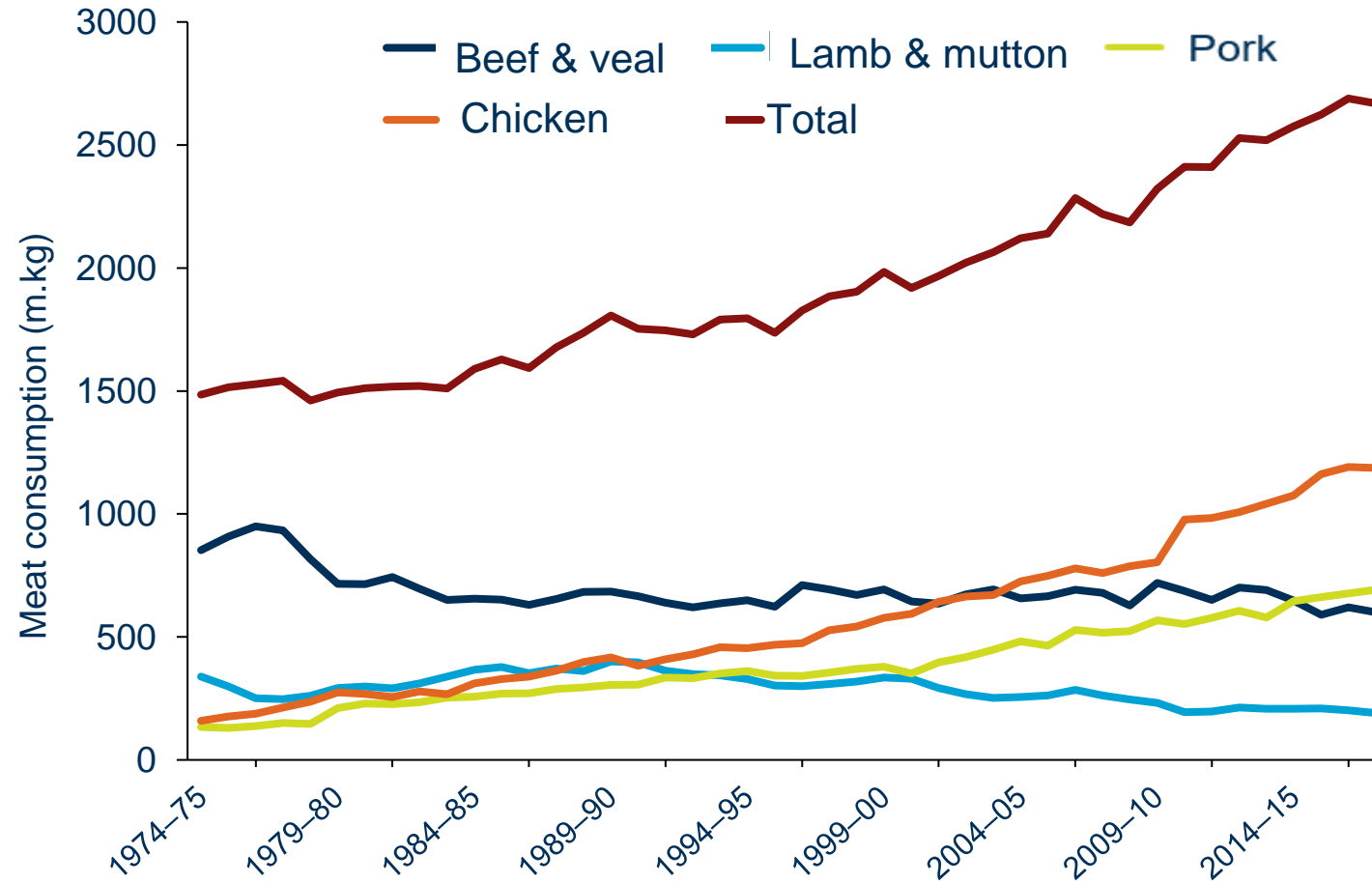


Grain fed meats growing fastest

Poultry and pork
are increasingly important



Australian animal feed



Also by 2030

The increase in Australia's population will require ~ 0.8mmt of extra grain for flour and malt production.

Most of this additional demand will be in eastern Australia.



Drivers of export market growth

Changing diet



Less rice



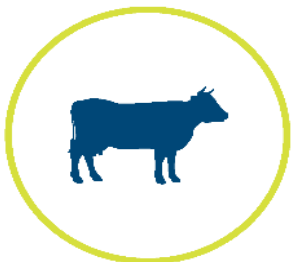
More noodles



More bread



More cakes
and cookies



More grain fed
meat

Market driver	Change
Population	200M more mouths by 2030
Urbanisation	Extra 400m into cities
Wealth	30% increase in per capita GDP
Convenience	Westernising trends

Sustainability and Social License



Home > Our impact > Our ambitions > Zero environmental impact

ZERO ENVIRONMENTAL IMPACT

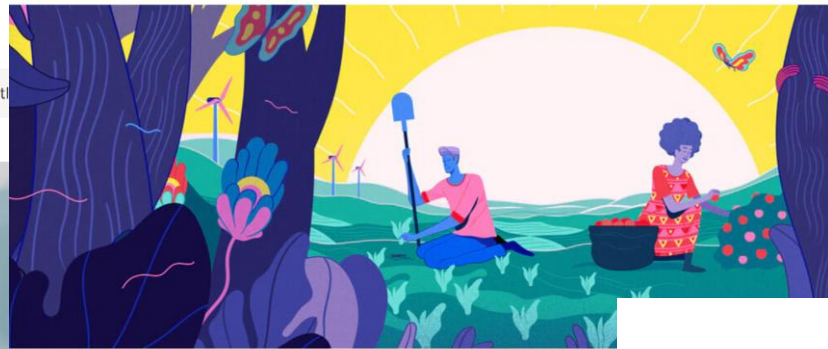
Our 2030 ambition is to strive for zero environmental impact in our operations



About ▾ Our brands ▾ Sustainable Living

Home > Sustainable Living

Sustainable Living



We're building a business the world can trust



ABOUT US

OUR BRANDS

SNACKING MADE RIGHT

HOME /

SNACKING MADE RIGHT

Our Sustainability Framework & Well-Being Strategy



Our Company

Brands

Responsible Business

News

Indofood THE SYMBOL OF QUALITY FOODS

COMPANY BUSINESS GROUPS BRANDS INVESTOR RELATIONS NEWS & EVENTS CSR CAREER CONTACT US

- Building Human Capital
- Nutrition For All
- Strengthening Economic Value
- Protecting the Environment
- Solidarity and Humanity

Protecting the Environment

Indofood actively engages with government, local communities and non-governmental organizations ("NGOs") to protect the environment through solid waste management and nature conservation. We support the government's post-consumer packaging waste management efforts through the Indofood Waste Bank and Green Warmindo programs. We also work with global and national companies to support nature conservation through platforms like the Mangrove Ecosystem Restoration Alliance ("MERA") and Gerakan Ciliwung Bersih ("GCB").



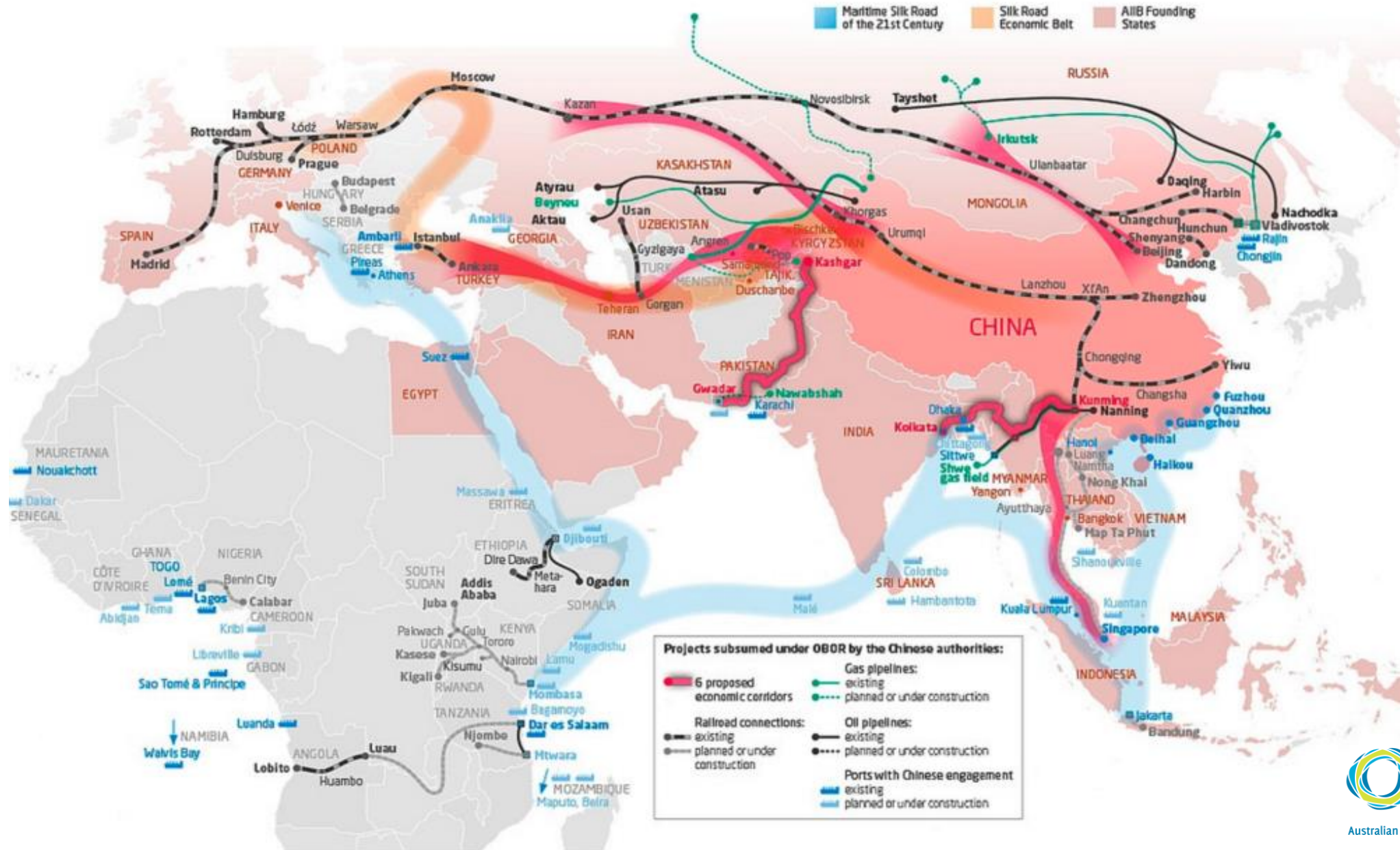
RESPONSIBLE BUSINESS





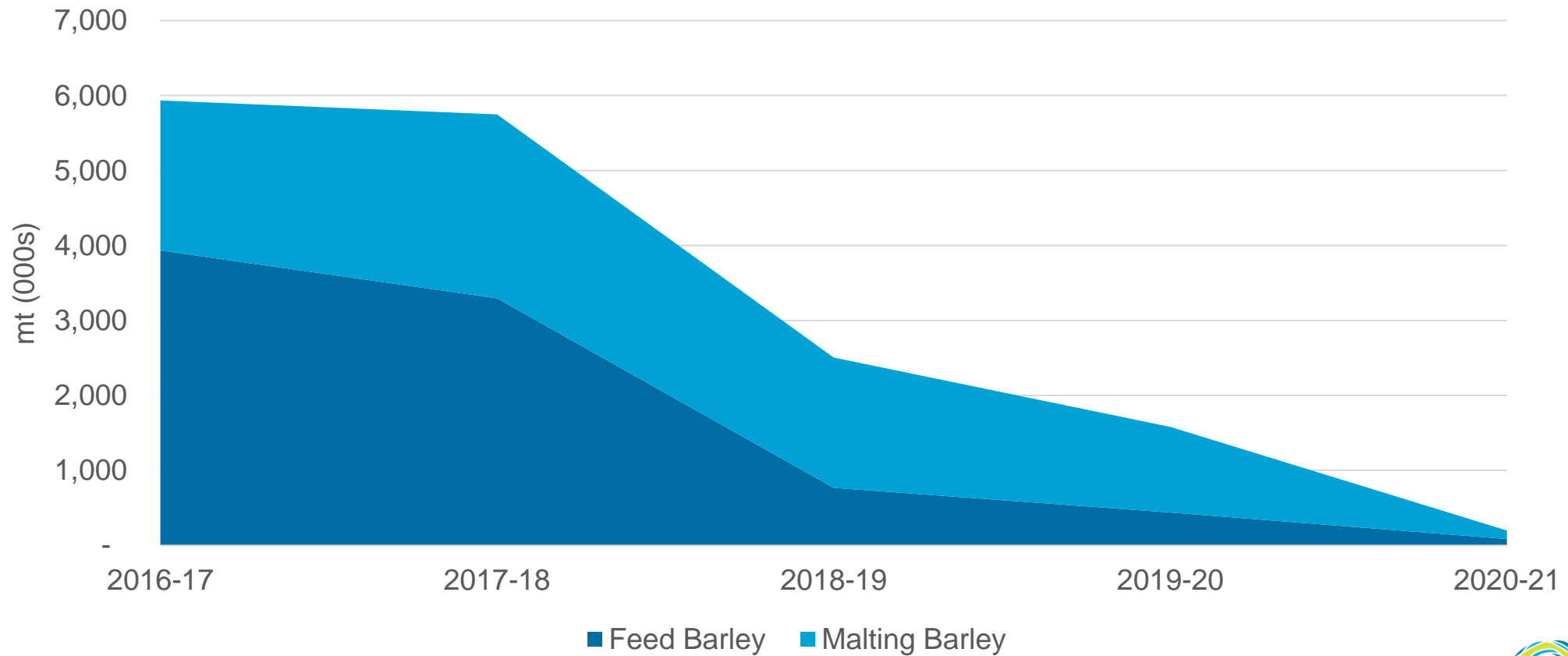
What AEGIC is doing
about it

Market diversification



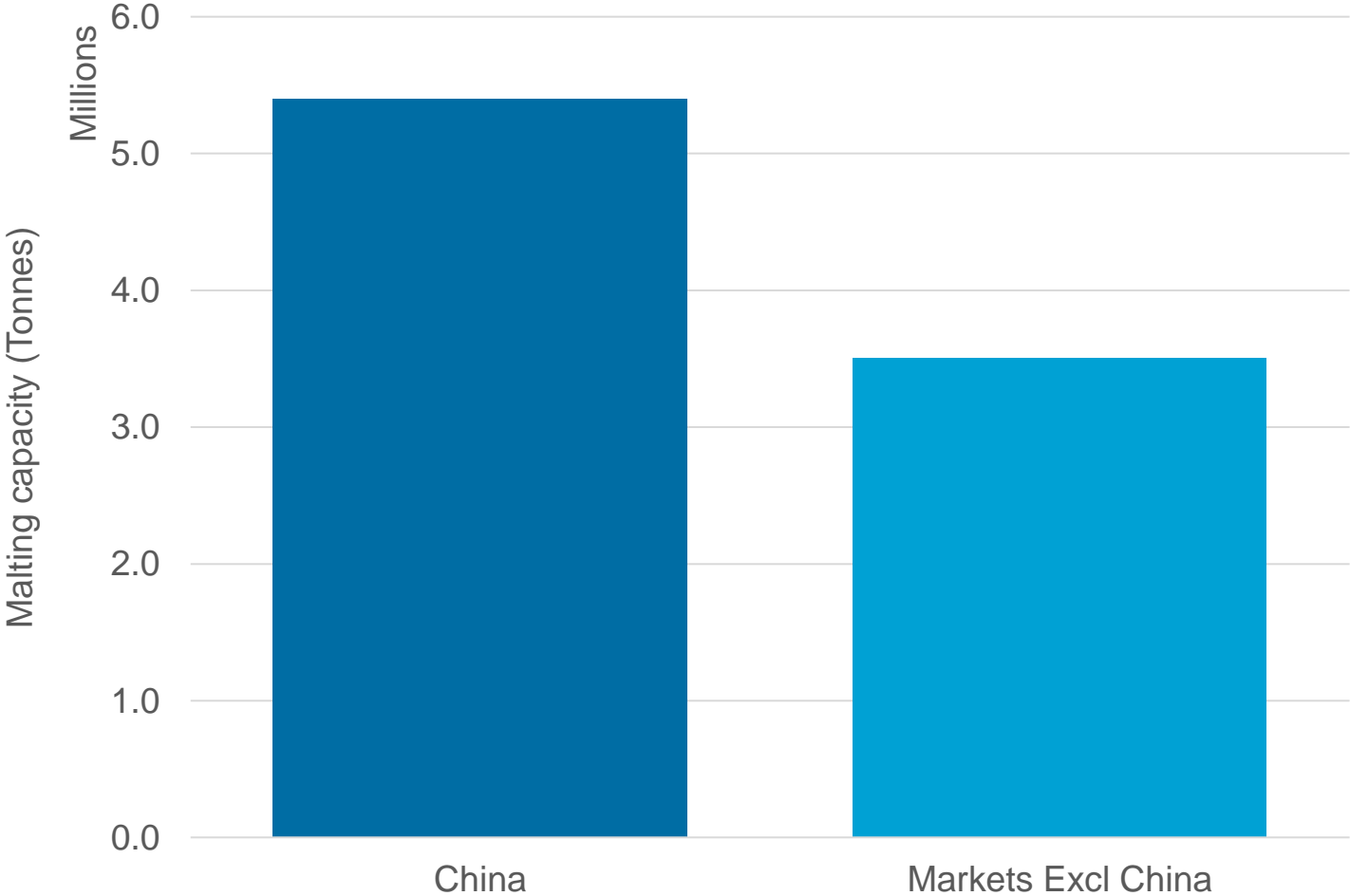
China

Australian malt and feed barley exports



China dominates malting capacities

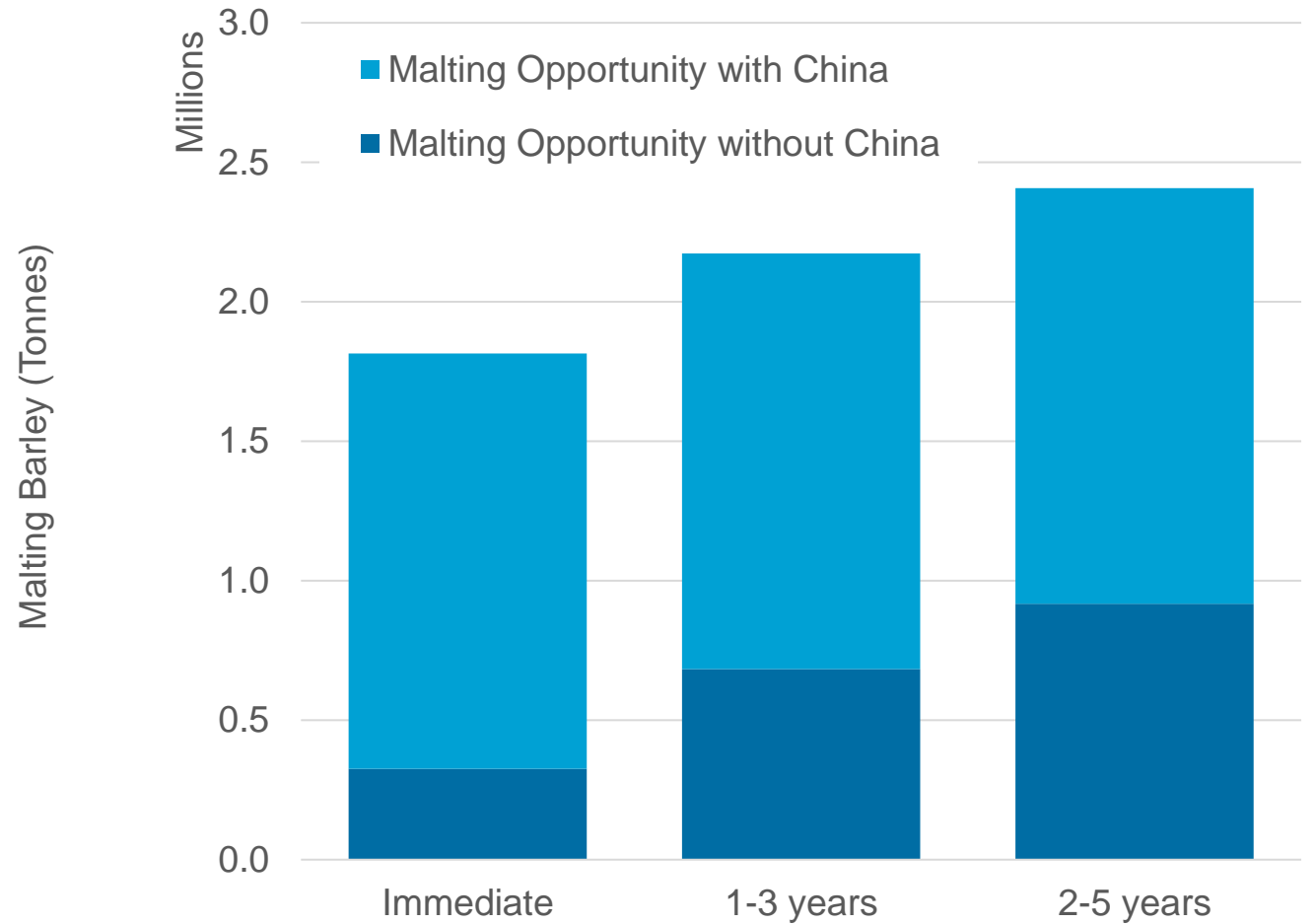
Current malting capacities



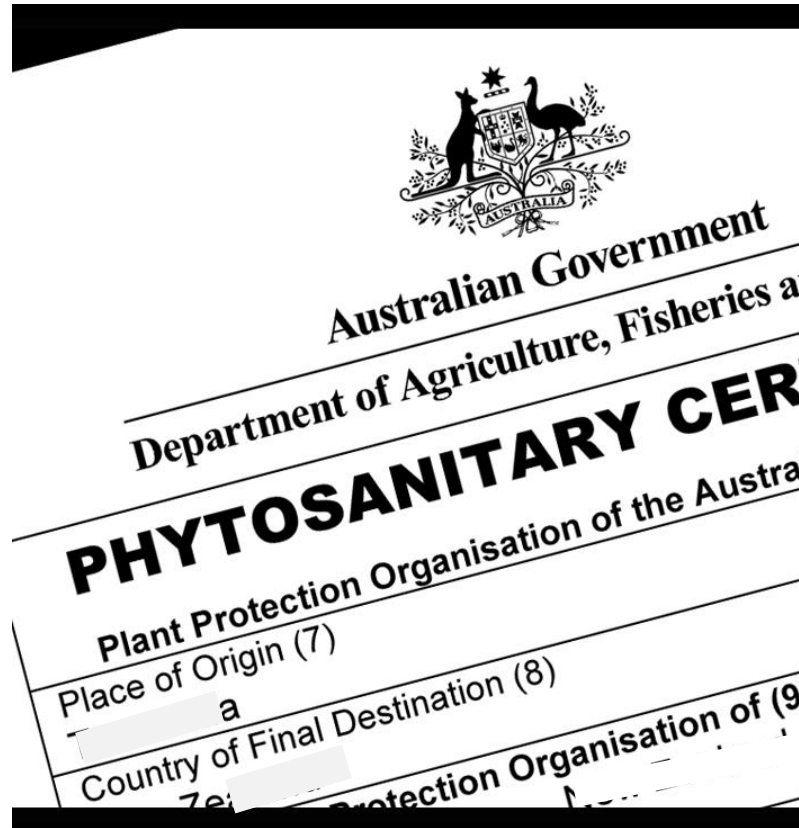
Malting opportunities

Opportunities for malting barley outside of China are limited...

...though growing

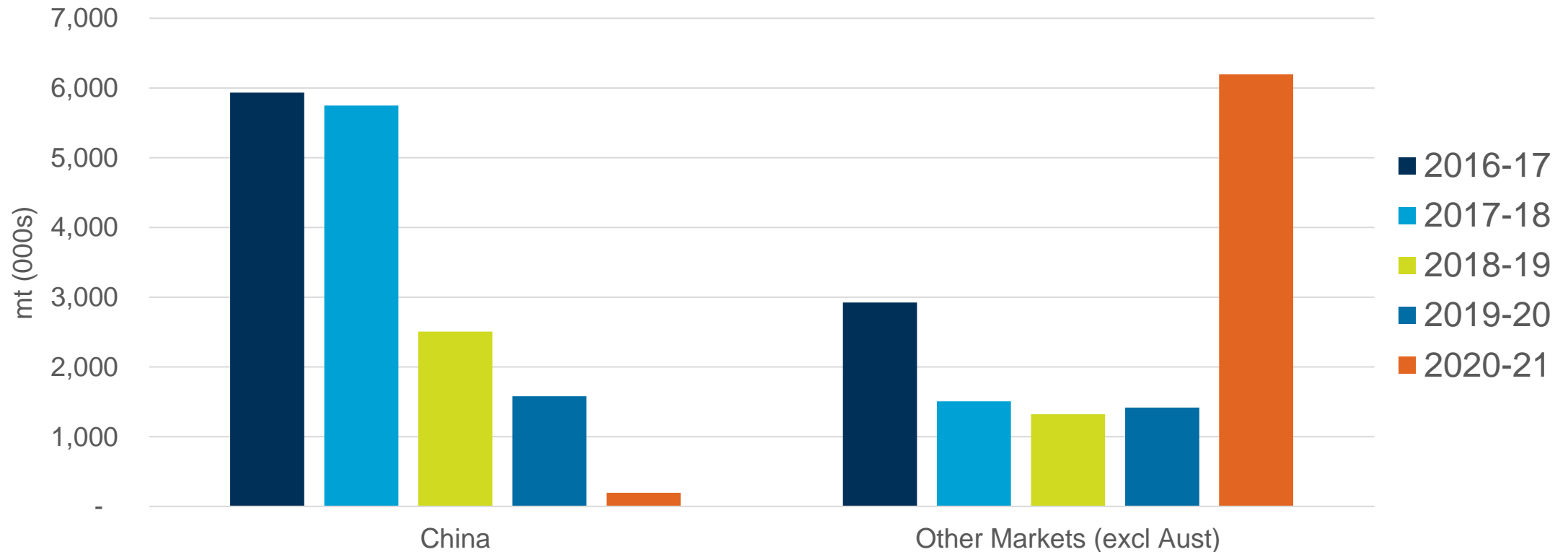


Indian malting barley market



Demand

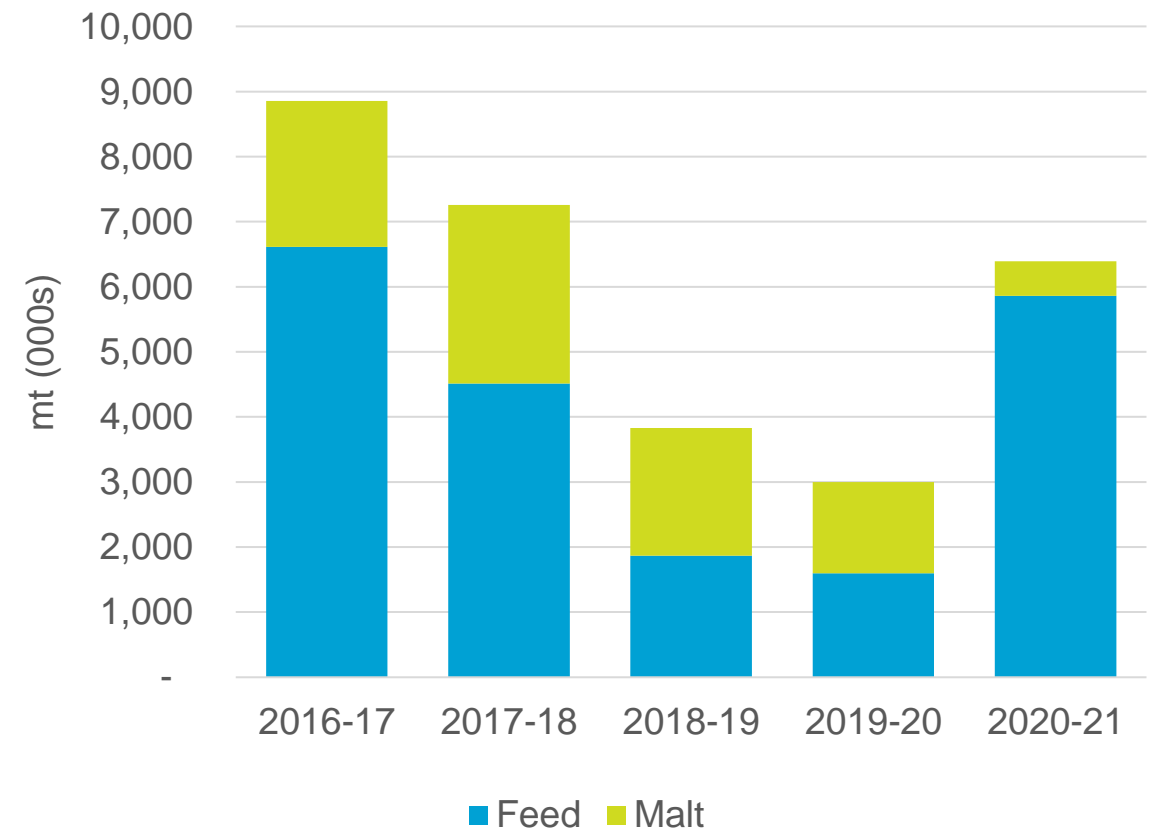
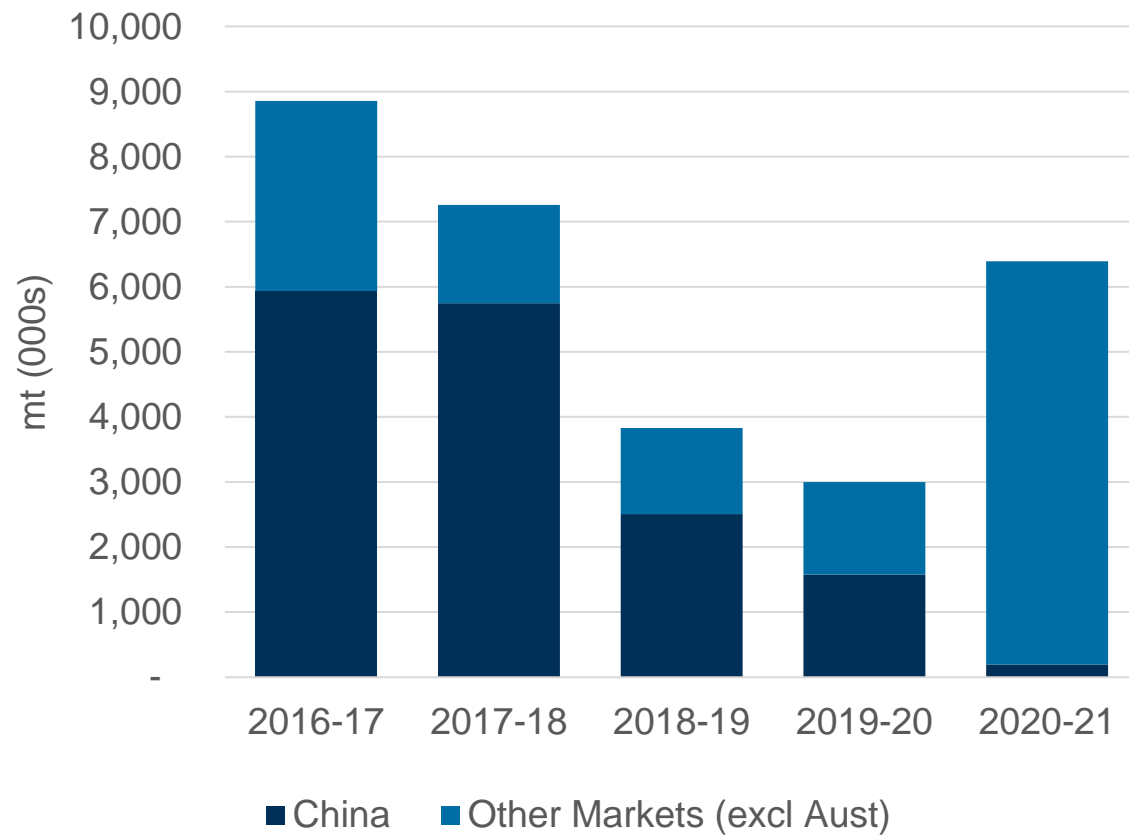
Australian barley export volumes



- Significant increase markets outside of China in 2020-21
 - Higher volumes in existing markets
 - Entry into new markets

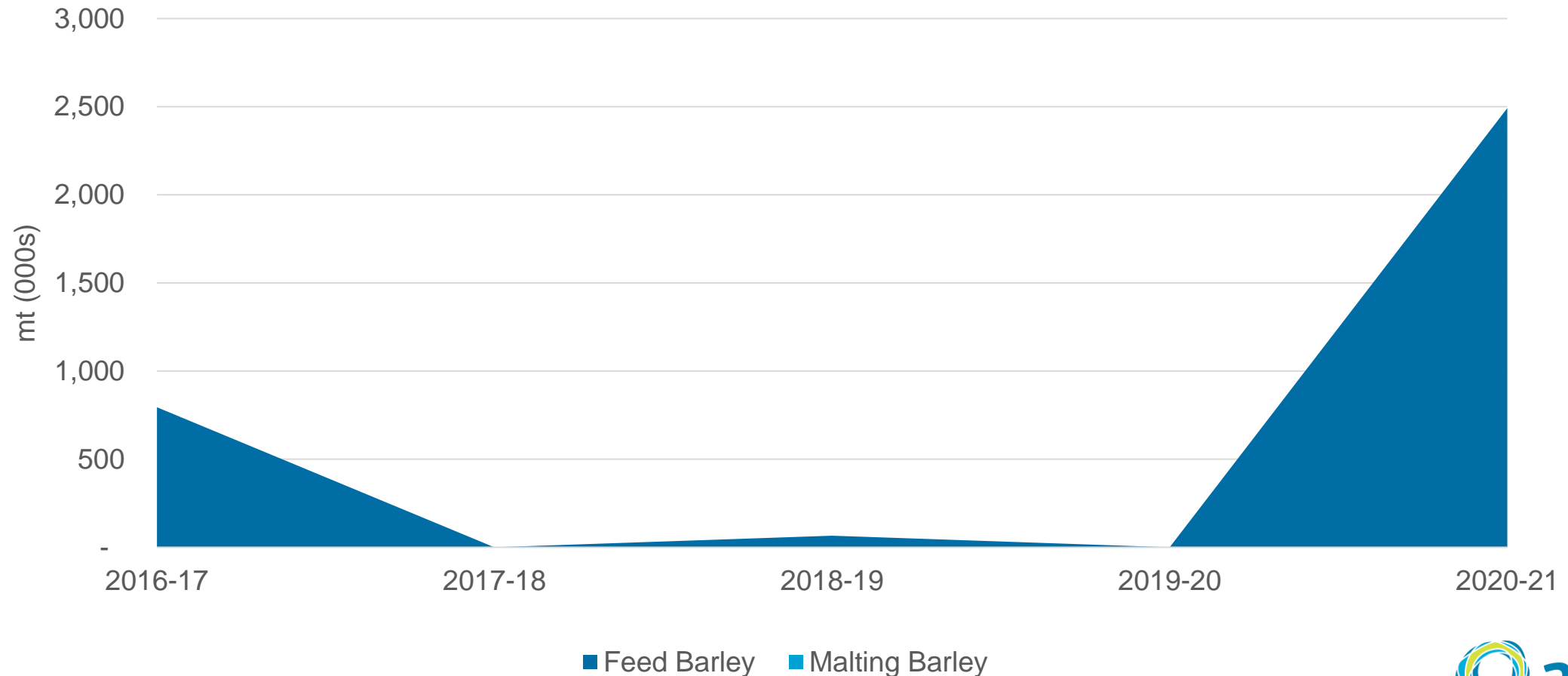
Changes in market composition

Volumes of Australian barley exports



Saudi Arabia

Australian malt and feed barley exports



* Note: Change in scale

■ Feed Barley ■ Malting Barley

Stimulating feed markets



Using lupins and barley in Asian dairy diets

Dr Steve Little, Consultant to AEGIC



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Australian feed grains: value opportunities

Dr. Steve Little
Consultant to AEGIC
Shepparton, Australia



dairy
FEED QUALITY CONFERENCE
Bangkok, Thailand 1-2 November 2018



Hosted by the Australian Export Grains Innovation Centre (AEGIC) and the Australian Trade and Investment Commission (Austrade).



aegic.org.au



Australian feed grains: barley and canola meal for cattle

Dr. Steve Little
Consultant to AEGIC
Shepparton, Australia

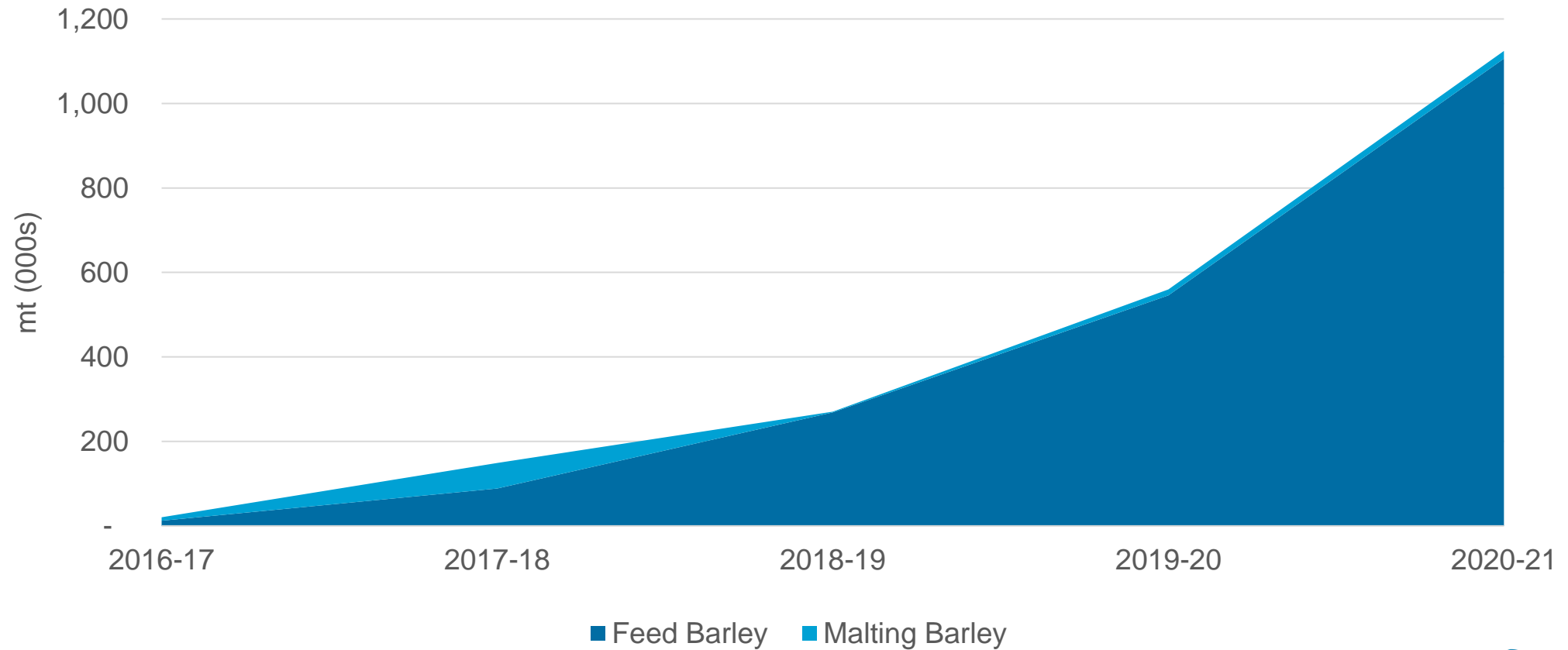


THE AUSTRALIAN GRAINS INDUSTRY CONFERENCE ASIA 2019



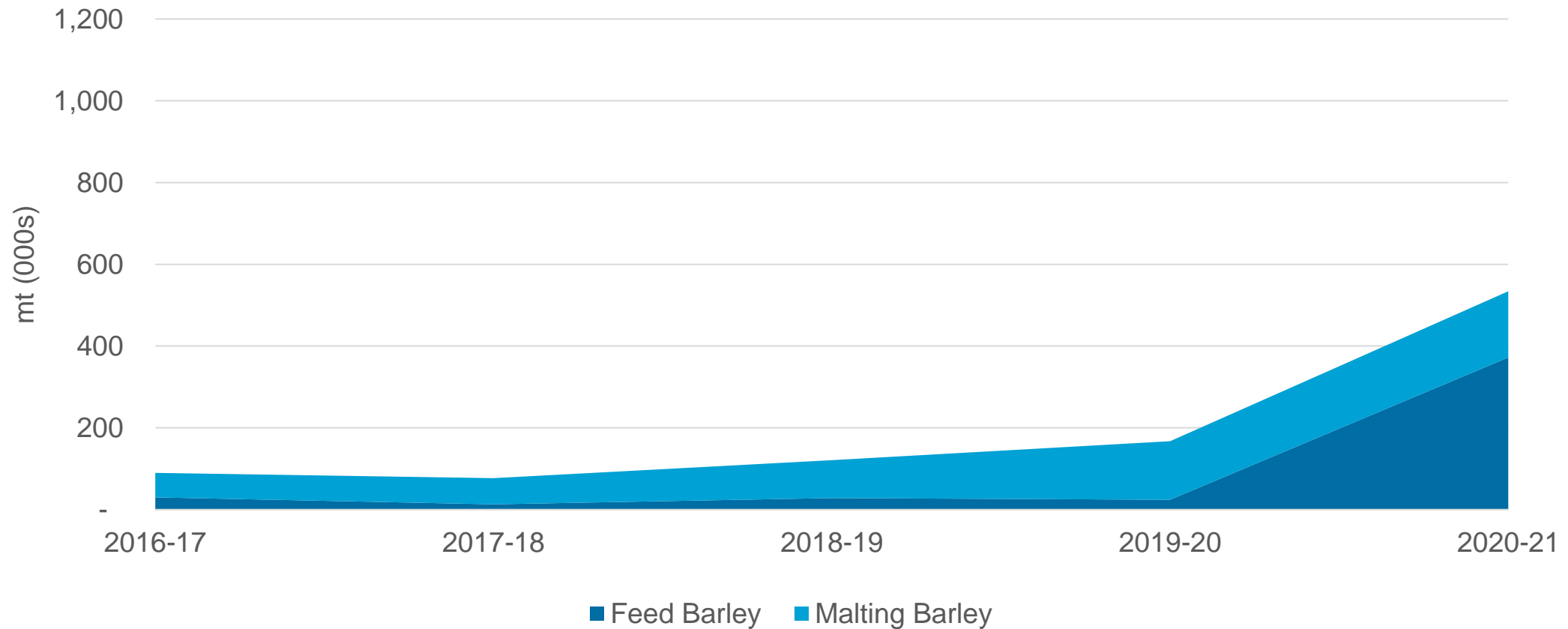
Thailand

Australian malt and feed barley exports



Vietnam

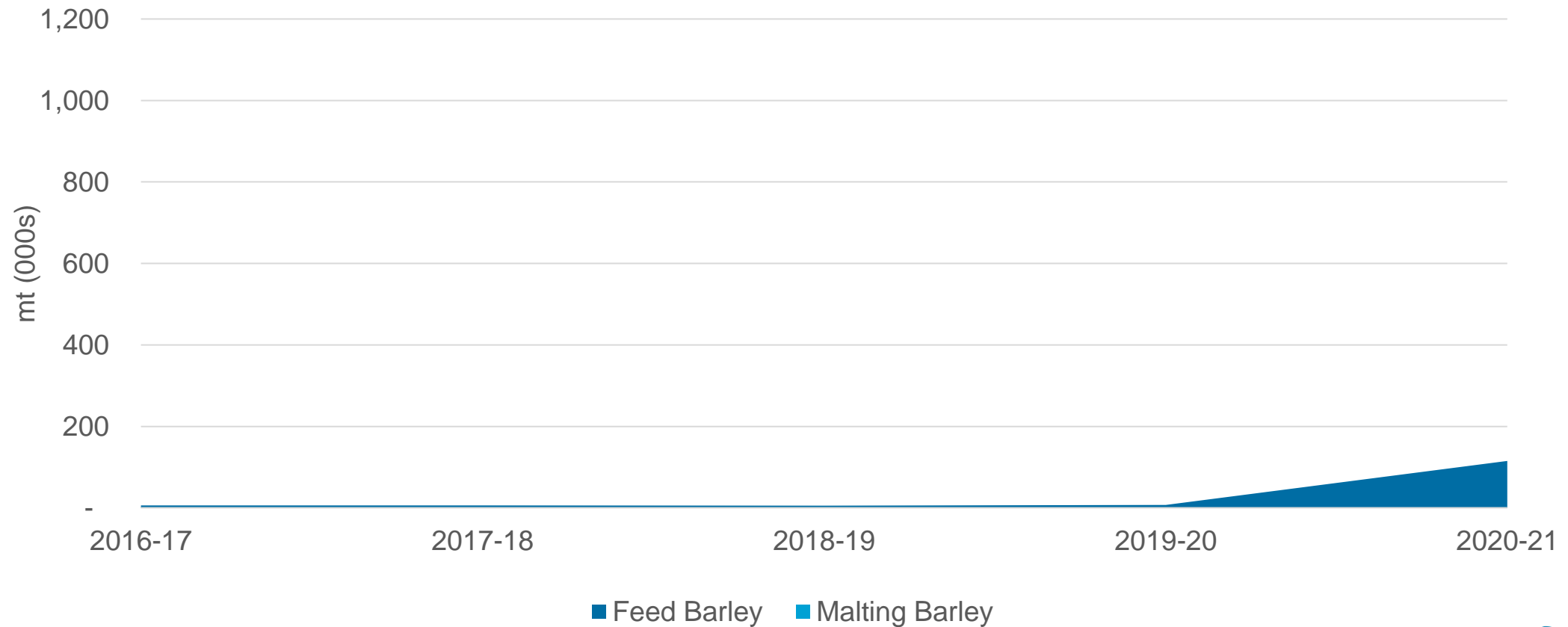
Australian malt and feed barley exports



* Note: Change in scale

Philippines

Australian malt and feed barley exports



Market opportunities

Opportunity	Market	Volume	Considerations
Immediate	Saudi Arabia, Middle East and Iran	3-4 mmt feed	<ul style="list-style-type: none"> Lower price. Will need to displace, Baltic Sea, Black Sea and EU origins.
	Other markets e.g. Japan, Taiwan, Thailand, Myanmar, South Africa.	~1 mmt feed & malt	<ul style="list-style-type: none"> Trade advice needed.
1-3 years	India	<150,000 mt malting	<ul style="list-style-type: none"> Resolve market access. Build Australian engagement platform.
	Vietnam	50,000 mt malting	<ul style="list-style-type: none"> Maintain technical support.
	Thailand	500,000 mt feed	<ul style="list-style-type: none"> Requires a prevention of the 3:1 rule for barley. Tightening government regulation for chemical residues on imported grain.
	China	1-2 mmt malting	<ul style="list-style-type: none"> Resolve market access issues. Retain and improve relationships with maltsters and brewers – play the long game Australian malting barley quality is valued. Feed barley demand is uncertain and will be collaterally affected by government corn and trade policies.
2-5 years	Japan	50,000-200,000 mt malt	<ul style="list-style-type: none"> Speculative - requires an increase Australian market share and input from Australian maltsters.
	Indonesia	100-200,000 mt feed	<ul style="list-style-type: none"> Speculative - requires market development, technical support and education.
	Vietnam	150,000 mt malting barley or malt	<ul style="list-style-type: none"> Speculative - malting imports requires expansion of malting capacity. Risk of Chinese malt imports impacting Australian malt supply.
	Vietnam	200,000 mt feed	<ul style="list-style-type: none"> Speculative - feed requires improved market understanding, development and technical support. Viability dependent on world corn price.
	Philippines	300,000 mt feed	<ul style="list-style-type: none"> Speculative - feed requires improved market understanding, development and technical support. Viability dependent on domestic corn policy.

South Americas

Country	Tonnes
Argentina	830,000
Brazil	665,000
Uruguay	380,000
Colombia	224,000
Chile	121,000
Peru	80,000
Ecuador	28,000

Africa's

Country	Tonnes
Ethiopia	112,200
Morocco	110,000
Kenya	55,000
Zimbabwe	45,000
Nigeria	35,000
Egypt	25,000
Uganda	15,000
Zambia	15,000

Key messages

- We take a long term, consumer driven approach to markets.
- Demand side is strong both domestic and export, continue diversification, however there is no single market to replace China Malt demand
- Markets are very efficient in both determining and distributing value
- Feed market is very liquid and responds quickly – continue to provide technical support to deepen value proposition.
- We must understand how consumer preferences will evolve—sustainability, traceability, other social license considerations.
- Australia has a well placed reputation for chemical free, clean and green products, enhance and build on this.
- Customers trust our production systems and supply chains.



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Thank you

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