

Berrifine



OUTLOOK FOR PROCESSED BERRIES IN EUROPE

CHILEALIMENTOS, TALCA

AUGUST 21, 2014

Jorgen Stolsgard

Chairman

Berrifine AS

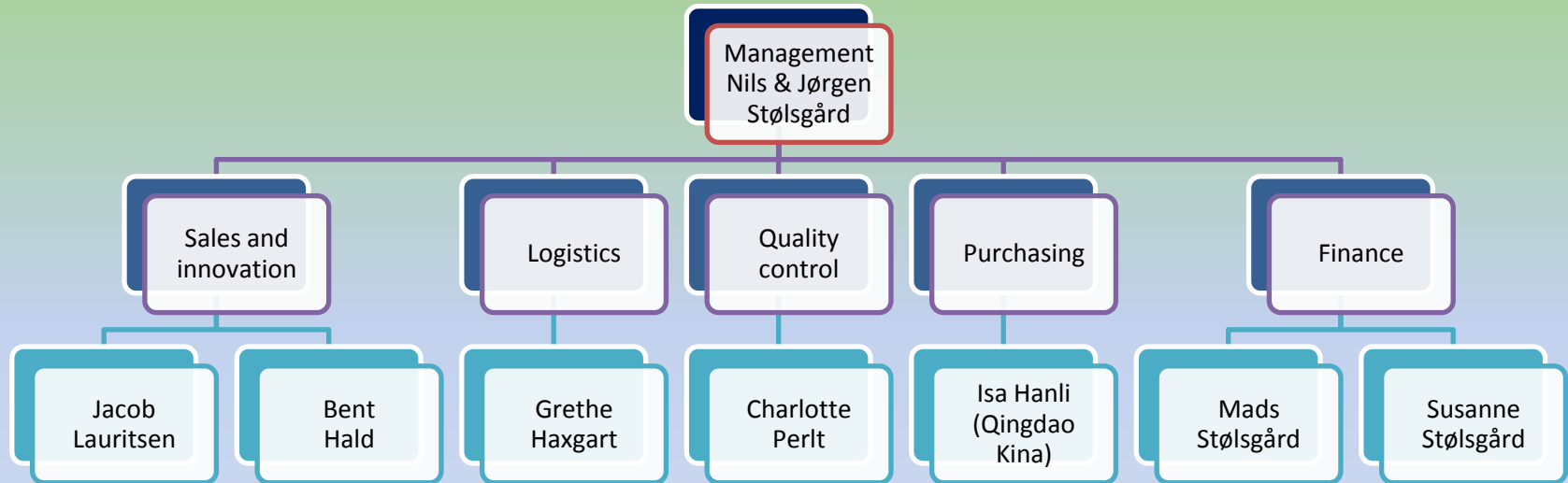


Berrifine Group

“Berrifine combines many years of experience in the global procurement of industrial fruits with the new generations’ approach to the dynamic business and industry.”



Employees

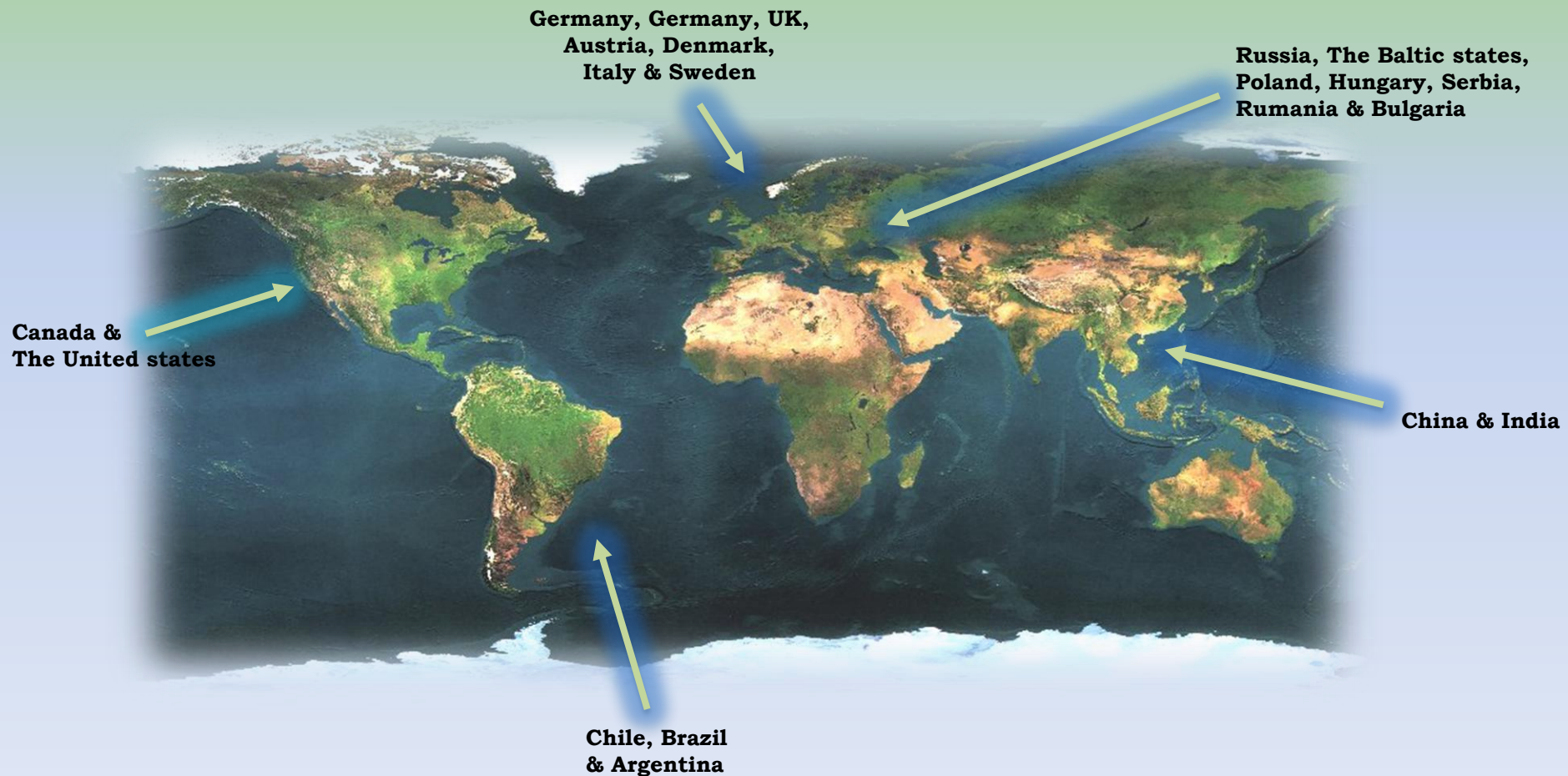


Key employees:

- **Jørgen Stølsgård CEO** and founder. Has been in the fruit processing business since 1971. World Wide experience.
- **Nils Stølsgård Product Manager**. Managing Director. Joined the company in 2003. In charge of sales and purchasing etc.

Sourcing area – Raw materials

- Primarily temperate climate belt, Northern & Southern hemisphere



Range of Products

FRUIT \ PRODUCT	IQF	NFC JUICE	PUREE	CONC.	DRIED (VAD & FD)
Apple	X	X	X	X	X
Aronia	X	X	X	X	X
Blackberry	X	X	X	X	X
Blackcurrant	X	X	X	X	X
Blueberry	X	X	X	X	X
Cherry / Sour cherry	X	X	X	X	X
Cranberry	X	X	X	X	X
Elderberry	X	X	X	X	X
Gooseberry	X				
Lingonberry	X	X	X	X	X
Pear	X	X	X	X	X
Raspberry	X	X	X	X	X
Redcurrant	X	X	X	X	X
Rhubarb	X	X	X	X	X
Strawberry	X	X	X	X	X
Sea Buckthorn	X	X	X	X	X

Value chain – “from farm to fork”



Universities &
Institutes
Research and
development

Orchards &
Plantations
Fruit Growing

BERRIFINE
Processing of fruit
based raw
materials

Processors of fruit
based consumer
products

Consumers

“To ensure access to high quality fruit raw material, Berrifine collaborate closely with selected Universities, Plant Research Centers, Nurseries, and growers around the World, which are actively involved in improving the known types and varieties of fruits by means of continuous selection and production programs and advanced processing techniques.”

Traceability

To guarantee an efficient tracing system from the university and nursery through to the grower and processor, Berrifine works with government and highly reputable private agencies ensuring proof of quality throughout the entire food chain.

All of our suppliers are committed to at least one of the following procedures and practices:

- **HACCP**
- **GMP**
- **BRC**
- **ISO 9001**
- **SGF**
- **GAP**



Processing

- Products from Berrifine are produced as close to the growing fields as possible. This means Berrifine is striving at ensuring the lowest possible CO₂ footprint. It furthermore means we are flexible if market conditions are changing from season to season for reasons beyond our control such as supply/demand conditions, climate, political matters and natural disasters.
- The processing is carried out by partner factories carefully selected, certified, and audited by our company, and strictly according to GMP manuals and specifications provided by Berrifine



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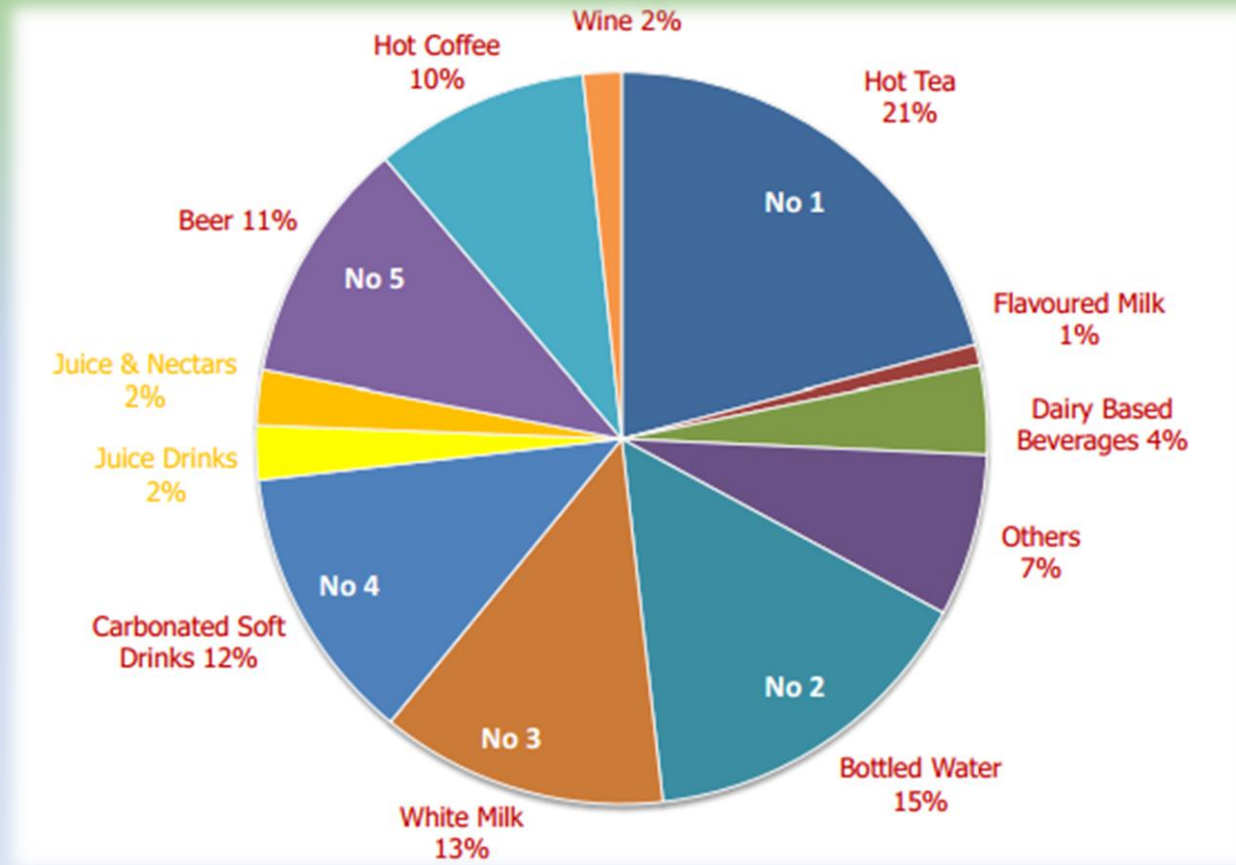
***Processing of raw
materials is outsourced
to certified factories
World Wide***



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Global Beverage Consumption -

2 + 2 % out of 1.611 billion liters



Source: Estimated based on Euromonitor data

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Berrifine is actively involved in the establishment of larger berry orchards according to the newest open field and protected cropping technology.



Category of Fruit Growers:

- Farmers growing fresh (chilled) fruits for Retail (Supermarkets)
 - No waste
 - As a rule, sale to fruit processors is no safe haven if fresh fruit market is collapsing
 - Hand picking
- Farmers growing High Quality Fruits for proccessing into juice, concentrate, puree, IQF and or drying.
 - High yield per acre
 - Low costs of labour (machine harvesting)
 - Apply minimum amount of chemicals if any
 - Growing close to processing factory

Farmers growing fruits for processing

- Important to establish close cooperation between propagation institute, fruit grower and processor of raw material
- Selection of new varieties offering best parameters for the specific industrial products
- Encourage growing of organic fruits and have GAP programs implemented
- Meet with the growers regularly



EU action on pesticides

Pesticides can have severe undesirable effects if they are not strictly regulated. No pesticide can be used in the EU unless it is scientifically proven that it:

- Doesn't harm people's health;
- Has no unacceptable effects on the environment;
- Is effective against pests.

EU rules on plant protection products establish a “dual” system:

- The Commission approves the active substances contained in the products;
- EU countries authorize the products on their territory and ensure compliance with EU rules



Organic Fruit Growing



- Sale of organic products in Denmark are very successful, Market share ranking amongst the highest in the world.
- 2012: 23% of all fruits and vegetables sold in Denmark were certified organic
- Control of domestic and imported products carried out by Ministry of Agriculture
- 95% of the population know and trust the organic logo
- I encourage Chilean fruit growers to increase the growing of organic products according to EU and NOP rules

Science and production

To ensure continuous improvement of raw material quality, Berrifine is working with the following highly estimated European research institutes :

- SCRI (Scottish Crop research Institute, Dundee UK)
 - A leading UK research institute focusing on plants and their interactions with the environment, breeding for improved disease resistance, color, taste , firmness, and nutritional values of the fruits
- HIR Malmöhus, Sweden
 - A strong consultancy within Horticulture & Agriculture
- SLU (Alnarp, Sweden) and LIFE (Copenhagen)
 - Leading Faculties within applied plant biology related to Horticulture
 - Pometet in Tåstrup DK
 - Rånna experimental facility in Skövde



Key consumer preferences

- Health and Wellness
- Calories low and easy to "burn"
- Europe eager to develop new type of consumer products
- High fibre, High contents of vitamins and oxidants – from super fruits
- Addition of Ex. Inulin, Spirulina, Flax Seeds, Milk, Soymilk
- Quality concerned consumers moving away from soft drinks – my grand son (5 years old) is calling cola products phosphoric acid



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**Market –
Like a wild tiger!**



SWOT Analysis – Berry Market - European "eyes"

Strength

- 1) Many generations of experience
- 2) Knowledge banks
- 3) High level of food safety control

Weakness

- 1) Market not too transparent
- 2) Increasing costs of production

Oppertunities

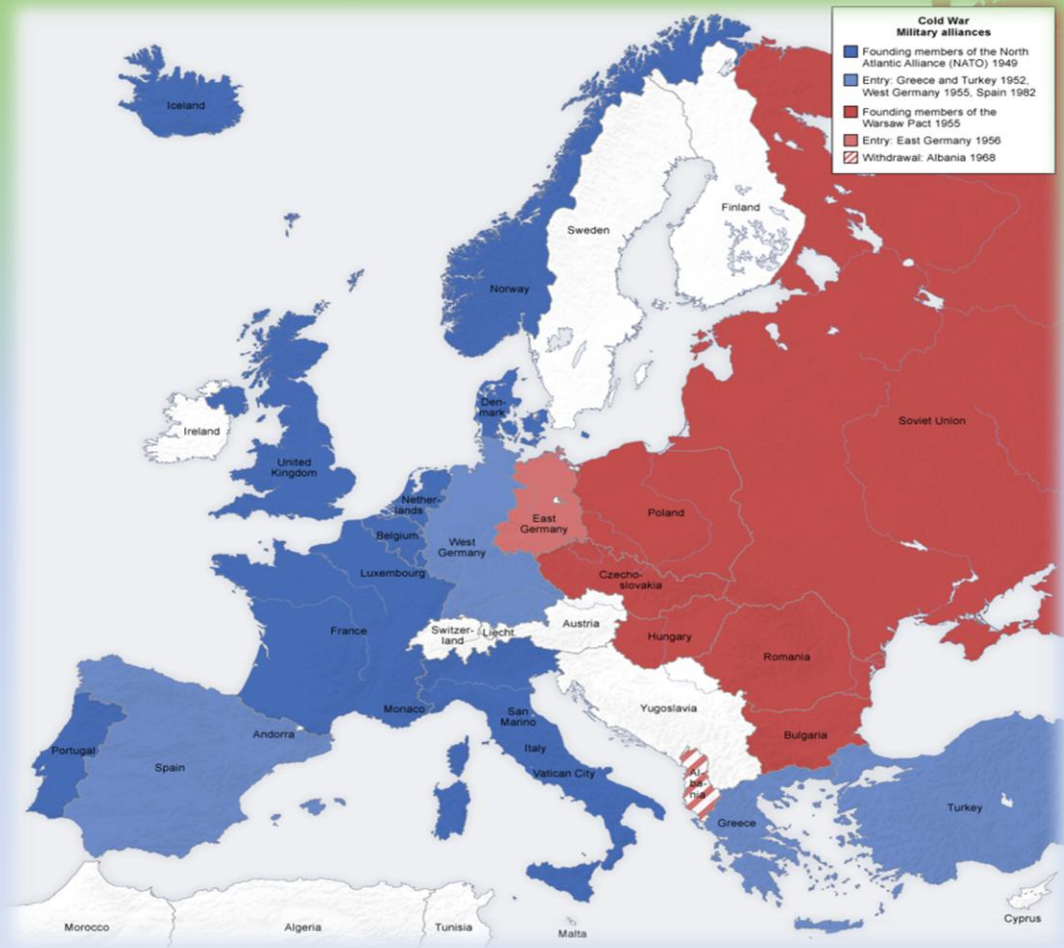
- 1) Demand for berry products increasing world wide including China (raspberries)
- 2) Larger demand for high quality natural products (superfruits)

Threats

- 1) Market segmentation. Fewer and larger buyers dominate the market
- 2) Competition from Asian and LATAM countries.
- 3) Political instability (Europe)

Historic Background

- Europe Soviet time
- Planned economy
- Main Suppliers
Poland, Yugoslavia
Hungary,
Czechoslovakia
- Export through state
controlled agencies



Russia



- Big market for berry fruit products
- Russia net importer of processed berries
- Import of fresh blueberries, strawberries and raspberries
- Ukraine crisis means fresh and processed fruit from EU and US are banned from Russian Market
- Some influence on EU market prices for all berry products if Ukraine conflict remains unresolved over longer period of time
- **BREAKING NEWS:**
- **EU pumps cash into sectors hit by Russia ban**
- **The EU has announced exceptional support measures to the tune of EUR125 million to aid Europe's beleaguered fresh produce farmers.**



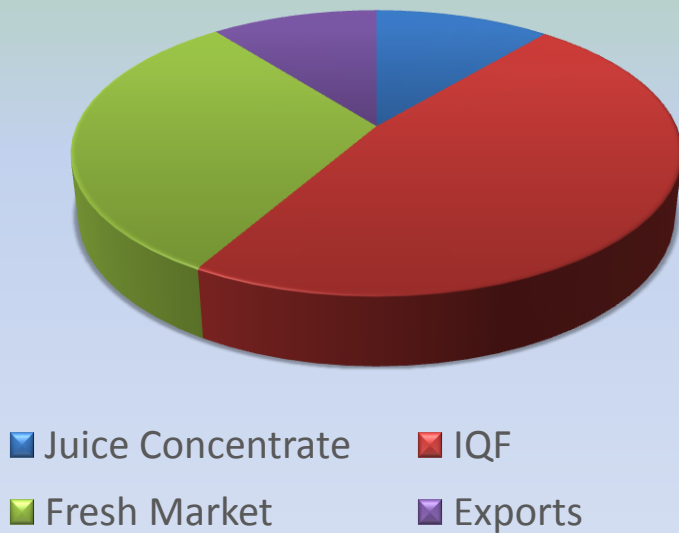
Poland



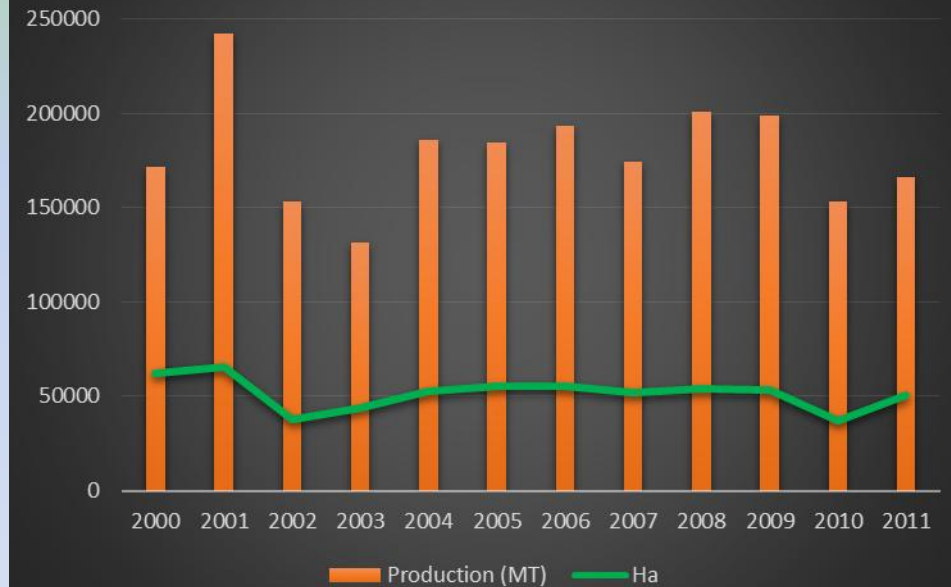
- Main berry crops (2013): Strawberries (165,000 tonnes), red currants & black currants (198,000 tonnes), and raspberries (121,000 tonnes)
- Poland's raspberry crop 2014 is reportedly progressing well, for both volume and quality. 20% Summer Fruit varieties 80% Primo Canes (Polana) 99% of fruit for processing.
- Product from the country is priced competitively at the moment. IQF raspberry clean crumbles started off at USD2.68/kg in early July, and are now trading at USD2.41/kg.
- Unreliable statistical information Trying to manipulate – means difficult to project real market situation for ex. blackcurrants
- Large crop 2014 of strawberries means Poland cheaper than China in EU

Production and usage of strawberries in Poland

Strawberry usage

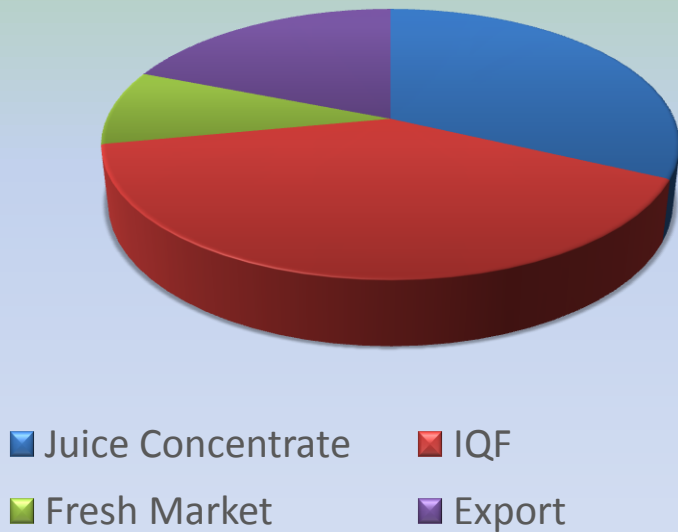


Strawberry Production (MT) / Ha

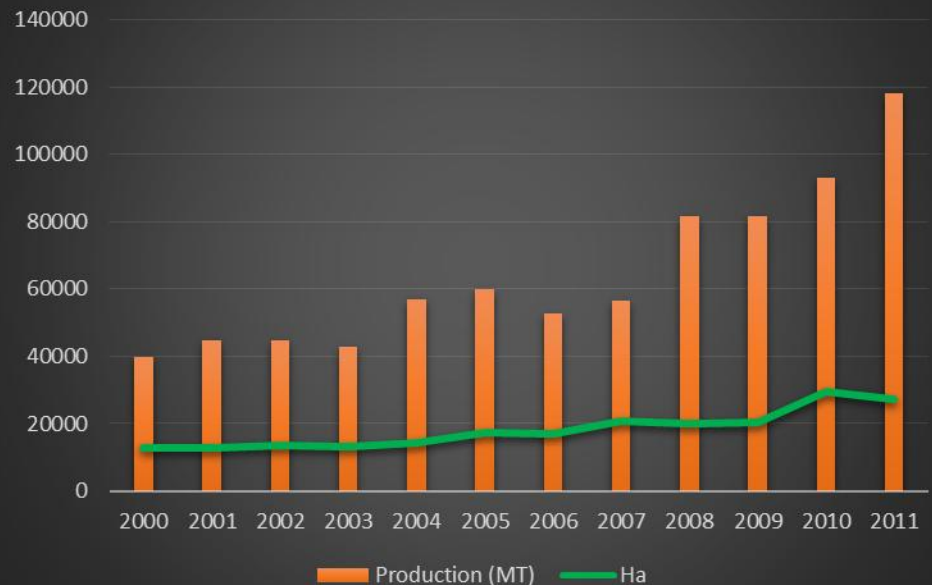


Production and usage of raspberries in Poland

Raspberry usage



Raspberry Production (MT) / Ha



POLISH FROZEN RASPBERRY EXPORTS (FULL YEAR, TONNES)						
	2008	2009	2010	2011	2012	2013
Germany	16275	14724	18681	14986	19704	20219
Belgium	6454	4433	4889	5785	7184	10367
Netherlands	4569	2970	3532	2326	3473	5194
Sweden	2183	2481	3079	2992	3843	4365
Russia	2765	2574	3064	2960	4132	4293
France	2091	2383	2613	2264	3838	3665
United Kingdom	1833	1928	2098	1669	3009	3643
Denmark	1645	1432	1312	1463	1772	2189
Austria	1583	561	2199	1841	978	1382
Switzerland	1390	867	834	382	777	1215
Finland	1113	1165	1491	1208	1137	1032
Norway	1515	1422	1403	1050	1119	956
Others	2920	1853	2905	2413	4980	5292
Total	46336	38793	48100	41339	55946	63812

SOURCE: GTIS, Eurostat

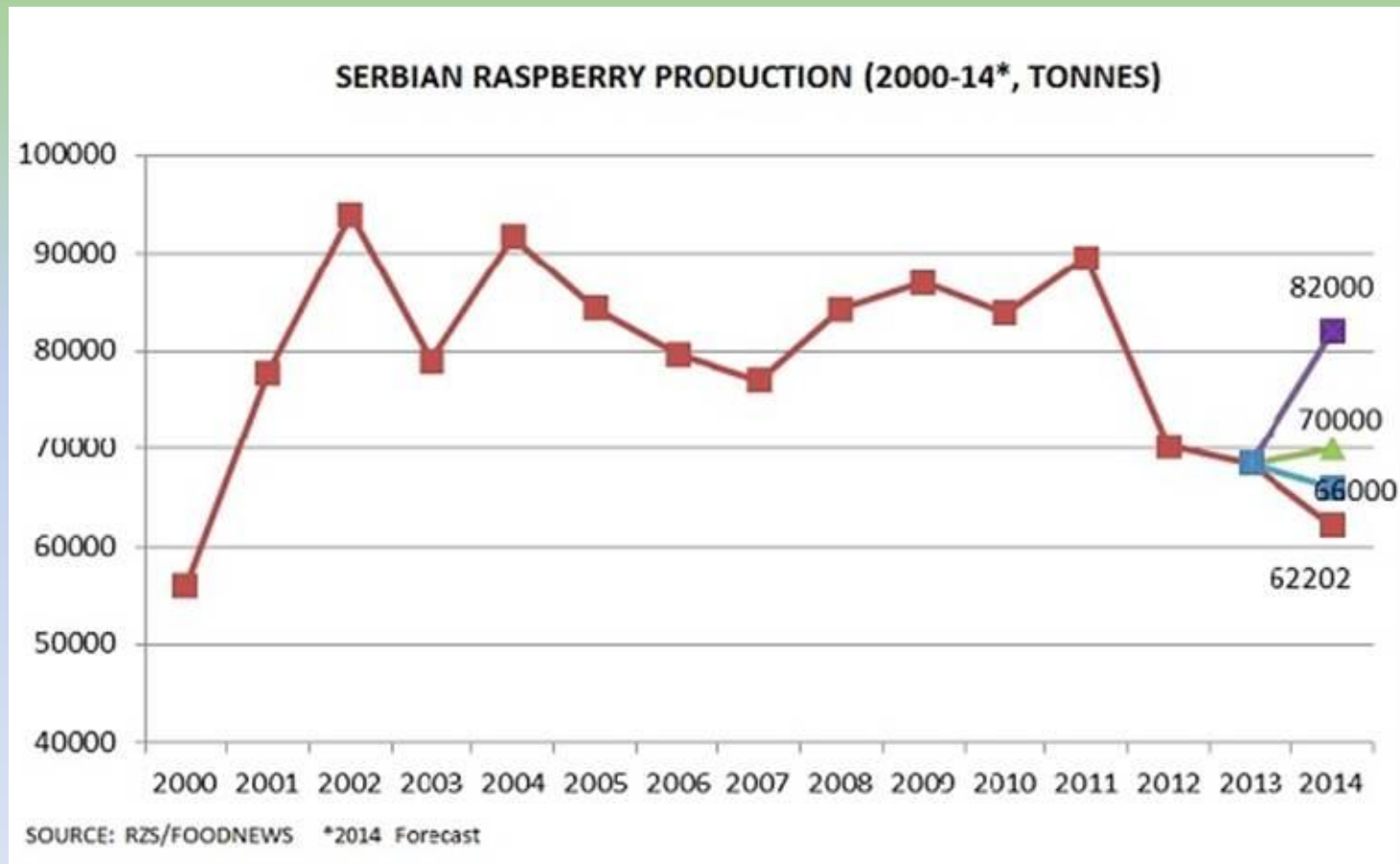
Serbia



- Raspberries - 80,000 tonnes in 2014 – around 15,000 Ha
- Variety: Primarily Summer Fruits Willamette
- Growers are being paid USD1.81-2.55/kg of raspberries. Growers were not satisfied with the price and are still threatening protests, asking that the entire crop be paid for at USD2.55/kg.
- USD3.21-3.88/kg for IQF raspberry whole. Crumble USD2.27-2.54/kg
- Very unsettled market - RZS not well informed or maybe manipulating
- All fruits goes for processing Still no quality for fresh market
- Serbia claims following reasons to buy Serbian raspberries: fruit quality, aroma, and Brix.
- Also large growers of cultivated blackberries and sour cherries for industrial processing
- Noro Virus Several cases with Noro Virus found in Serbian raspberries

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Serbia raspberry production



Raspberry export - Serbia

SERBIAN FROZEN RASPBERRY AND BLACKBERRY EXPORTS (FULL YEAR, TONNES)

	2008	2009	2010	2011	2012	2013
Germany	18530	25911	27584	35715	30246	27626
France	14217	14197	16434	18767	17909	17711
Belgium	5741	7017	7629	9642	9866	9218
Austria	6841	6015	9620	7785	4105	3170
United Kingdom	2163	2600	3283	4992	4069	3043
Netherlands	2392	3273	4735	5074	3337	2961
Sweden	2288	3088	2404	1833	2206	2795
Italy	1600	2377	3435	2895	2285	2519
United States	665	234	971	437	1396	2129
Poland	1136	2492	3034	2775	1669	2102
Switzerland	1646	1479	1470	2008	2137	2043
Russia	147	290	410	891	659	703
Others	4235	4911	6756	7517	3943	4088
Total	61601	73884	87765	100331	83827	80108

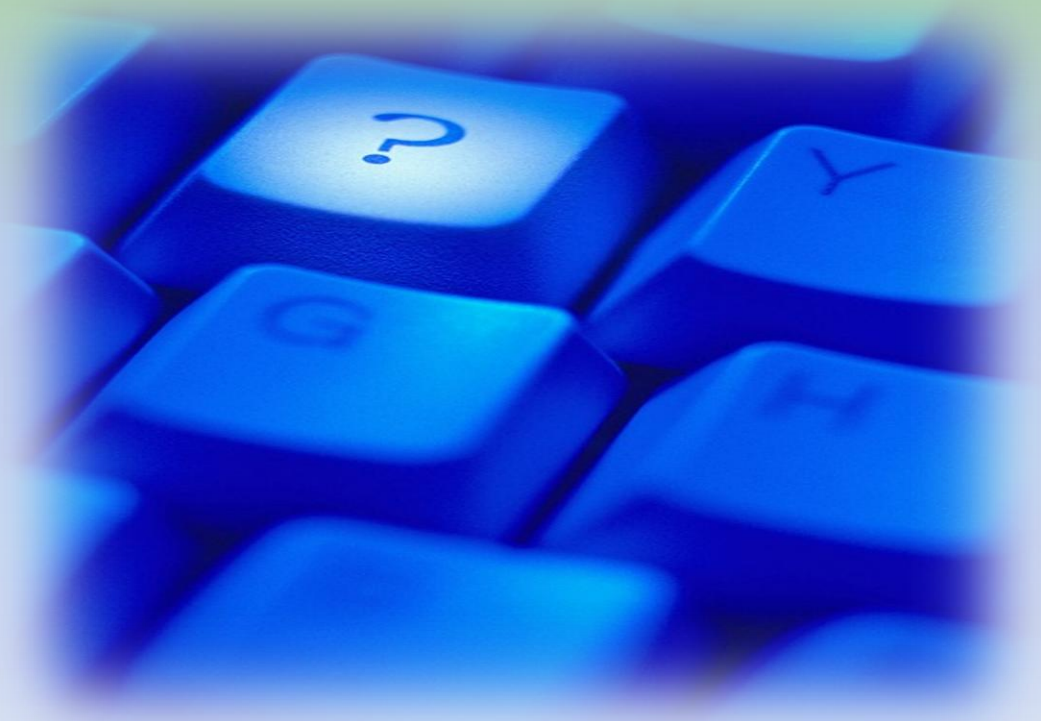
How to establish market price Today

- Farmers to form cooperatives and focus on growing volume and quality
- Countries to set up Government controlled committees like Chilean Blueberry Committe. May intervene in case prices drop like US Cranberry
- Important to forecast volume and sales price for the whole season = supply / demand / inventories left from previous crops
- Processors rely on raw materials – Growers rely on factories to process their products

Summary

- Buyers of fruits to work closely with growers
- Growers to be members of cooperatives and each country to set up a committee to coordinate information. State participation welcome
- Thus getting Hands on Market supply demand
- Continue to develop new and better fruit varieties
- Continue to develop new products according to consumer trends
- Growers to increase production of organic fruits and vegetables
- Traceability, GAP and GMP extremely important
- Open book policy. In today's "www" world no chances to hide the facts. Information quickly distributed around the globe
- Use the Internet to the benefit of the members of our Cluster

Questions



**Thank you for
your attention!**

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