



APAC Competitiveness

A look at Australia

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Kingsman Asia-Pacific Sugar Conference

May 2013

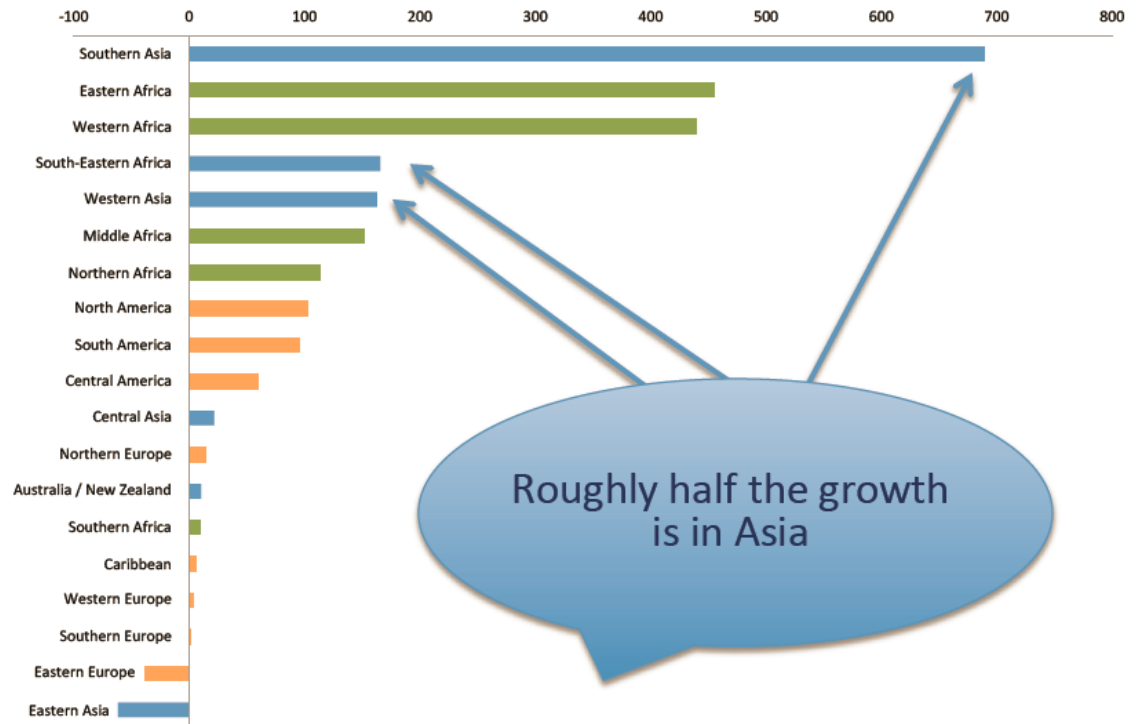


.... the Asian population growth story

Future world population growth

UN population growth forecasts
2010-2050
(medium scenario – millions)

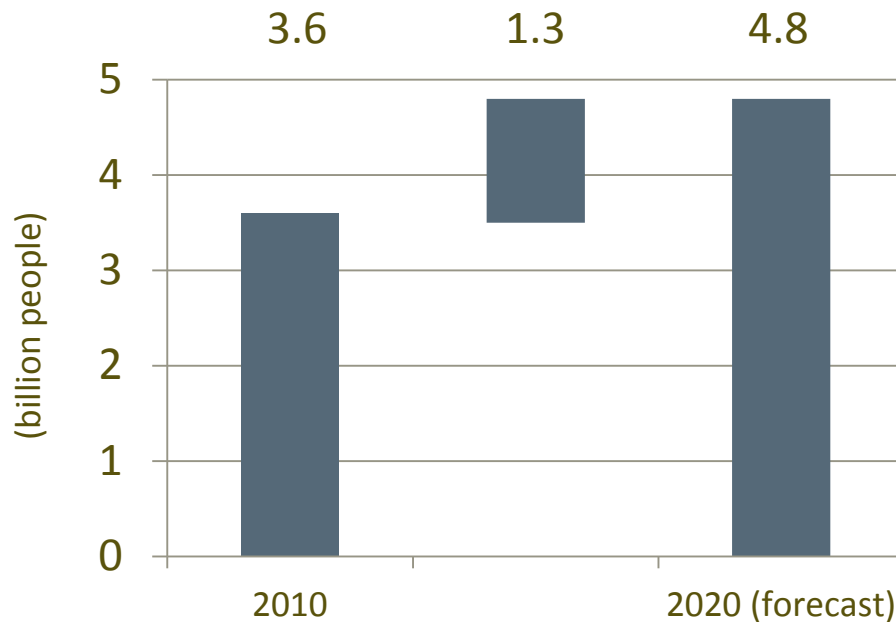
Source: UN PopIn database



Roughly half the growth is in Asia

.... the burgeoning middle class

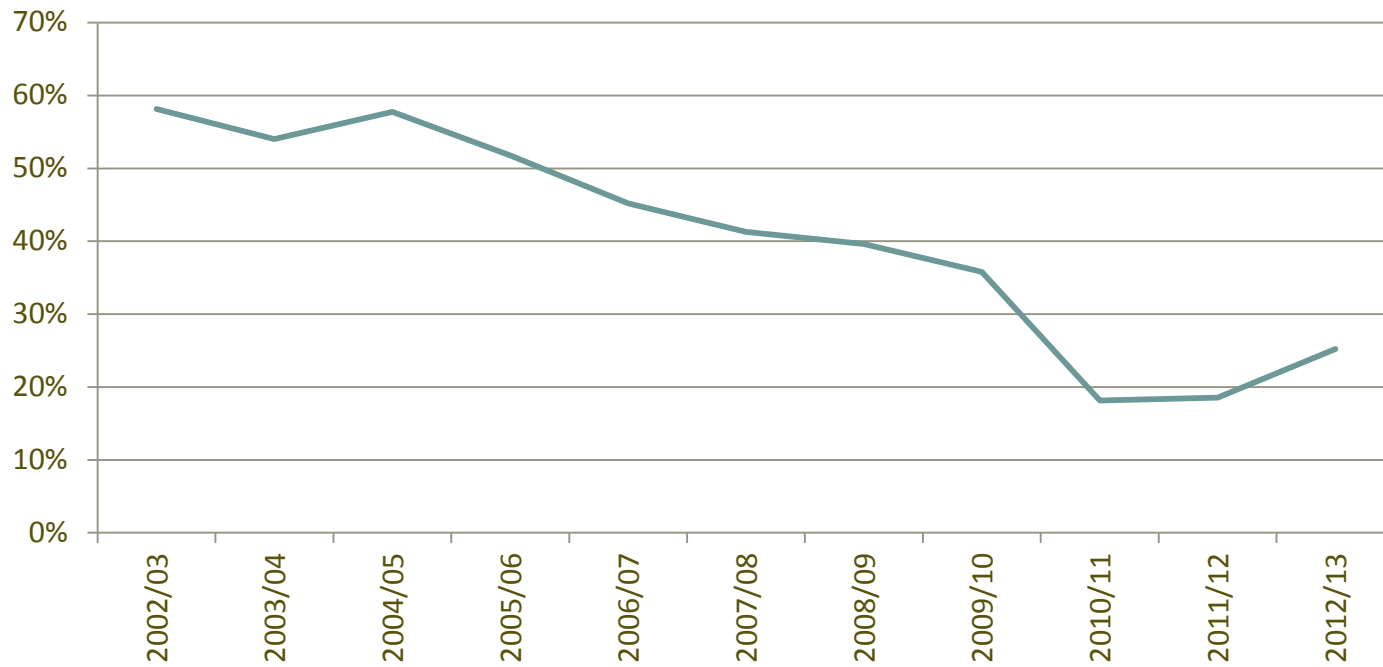
World population with household income exceeding \$5k USD per annum



It is estimated that 1 billion of the 1.3 billion people that move into the middle class between 2010 and 2020 will be from east or south Asia.

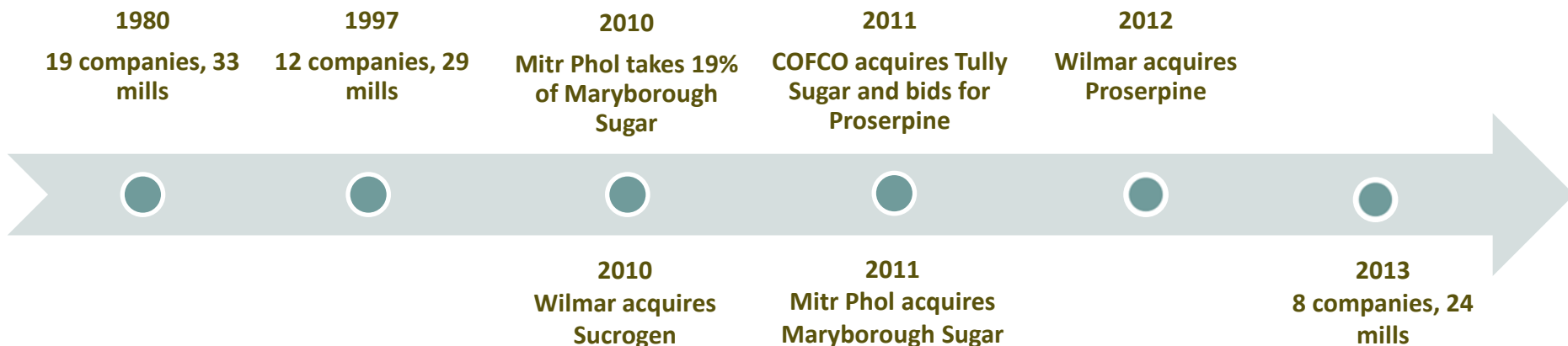
.... Australian market share in Asia declining

**Raw Sugar
Australia Market Share in Asia Pacific**



.... lots of M&A activity in Australia

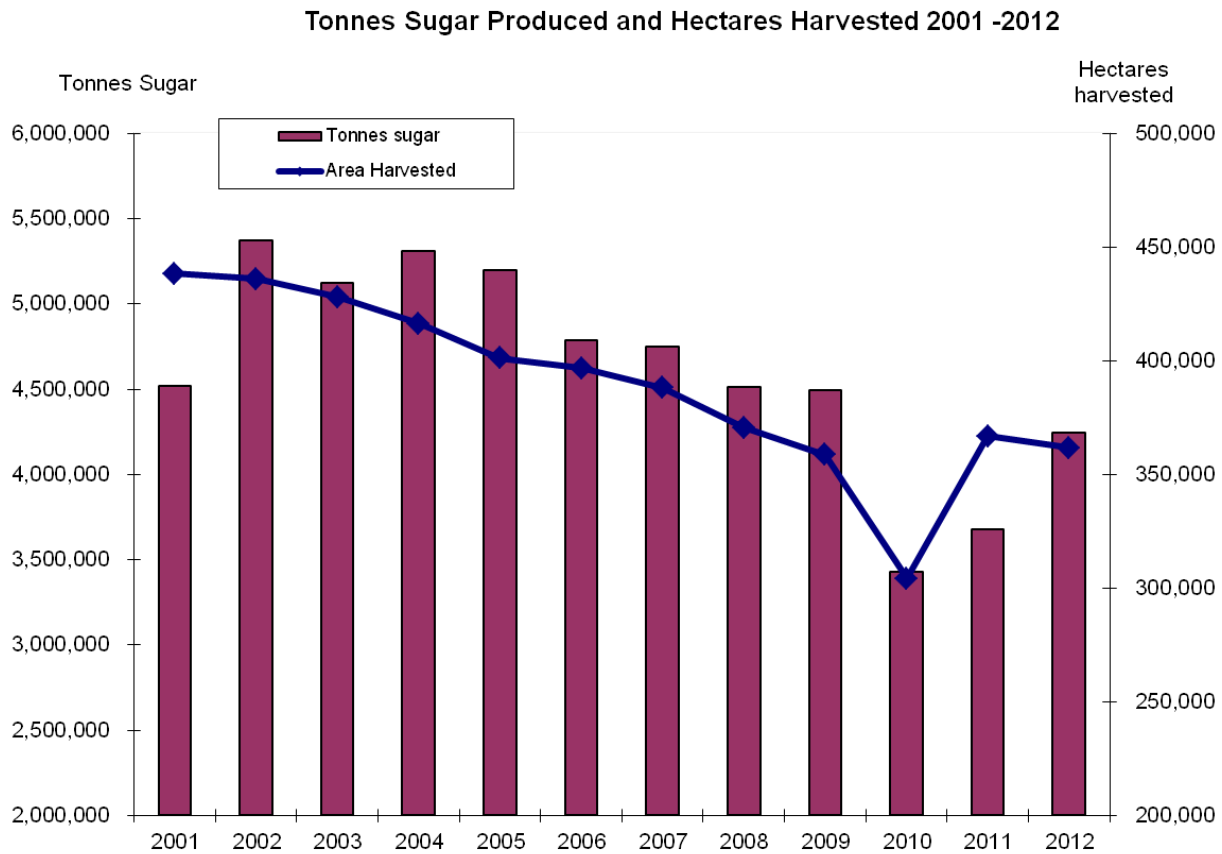
- 5 large transactions over the last few years
 1. Bundaberg Sugar to MSF
 2. Sucrogen to Wilmar
 3. Tully to COFCO
 4. Proserpine Mill to Wilmar
 5. MSF to Mitr Pohl



.... the last 15 years have been tough in Australia

- Cane production hit 40 mmt in Australia
 - 1999 the Brazilian Real devalued
 - 2003 sugar went as low as 3.9 USC/lb
 - 2006 the European Sugar Regime was challenged by the WTO
- World demand kept growing at 2% p.a. tracking population and income growth.

.... the Australian production response



.... to sum up

- The Australian sugar industry has endured a tough decade
- The world population is forecast to grow at 65.0 million people per annum, with a large part of this growth to be focussed in Asia over the next 50 years
- Population growth and a burgeoning middle class in Asia will inevitably lead to increased sugar demand
- Australia is well placed to meet the demand growth in Asia