

CASHEWS ROUND TABLE



INC XL WORLD NUT AND
DRIED FRUIT CONGRESS
MAY 22-24, 2023

Panel

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- **David Rosenblatt**, President, Richard Franco Agency, USA
- **Pankaj Sampat**, Director, Samsons Traders, India
- **Wim Schipper**, Director Procurement, Intersnack Procurement B.V., The Netherlands
- **Vu Thai Son**, General Director, Long Son, Vietnam

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Program

1. Estimate World Cashew Production
2. Industry Challenges, and how to prepare for future ones
3. Consumption Trends & Megatrends
4. Established & emerging markets updates
5. Sustainability
6. Summary & Conclusion



ESTIMATED WORLD CASHEW PRODUCTION

Raw Cashew Nut (RCN). Metric Tons

COUNTRY	2022/2023				2023/2024			
	BEG. STOCK	CROP	TOTAL SUPPLY	ENDING STOCK	BEG. STOCK	CROP	TOTAL SUPPLY	ENDING STOCK
INDIA	n/a	675,000	675,000	n/a	n/a	650,000	650,000	n/a
CAMBODIA	n/a	670,000	670,000	n/a	n/a	650,000	650,000	n/a
VIETNAM	n/a	450,000	450,000	n/a	n/a	350,000	350,000	n/a
COTE D'IVOIRE	n/a	1,235,000	1,235,000	n/a	n/a	1,250,000	1,250,000	n/a
NIGERIA	n/a	275,000	275,000	n/a	n/a	275,000	275,000	n/a
GUINEA-BISSAU	n/a	260,000	260,000	n/a	n/a	260,000	260,000	n/a
BENIN	n/a	240,000	240,000	n/a	n/a	230,000	230,000	n/a
GHANA	n/a	200,000	200,000	n/a	n/a	235,000	235,000	n/a
BURKINA FASO	n/a	130,000	130,000	n/a	n/a	150,000	150,000	n/a
GUINEA CONAKRY	n/a	120,000	120,000	n/a	n/a	140,000	140,000	n/a
SENEGAL	n/a	85,000	85,000	n/a	n/a	100,000	100,000	n/a
TOGO	n/a	60,000	60,000	n/a	n/a	90,000	90,000	n/a
GAMBIA	n/a	28,000	28,000	n/a	n/a	28,000	28,000	n/a
MALI	n/a	7,000	7,000	n/a	n/a	7,000	7,000	n/a
Subtotal Western Africa	n/a	2,640,000	2,640,000	n/a	n/a	2,765,000	2,765,000	n/a
Subtotal Northern Hemisphere	n/a	4,435,000	4,435,000	n/a	n/a	4,415,000	4,415,000	n/a
TANZANIA	n/a	200,000	200,000	n/a	n/a	200,000	200,000	n/a
MOZAMBIQUE	n/a	85,000	85,000	n/a	n/a	85,000	85,000	n/a
KENYA	n/a	5,000	5,000	n/a	n/a	5,000	5,000	n/a
Subtotal Eastern Africa	n/a	290,000	290,000	n/a	n/a	290,000	290,000	n/a
BRAZIL	n/a	147,200	147,200	n/a	n/a	115,000	115,000	n/a
INDONESIA	n/a	100,000	100,000	n/a	n/a	100,000	100,000	n/a
Subtotal Southern Hemisphere	n/a	537,200	537,200	n/a	n/a	505,000	505,000	n/a
OTHERS	n/a	55,000	55,000	n/a	n/a	55,000	55,000	n/a
WORLD TOTAL	n/a	5,027,200	5,027,200	n/a	n/a	4,975,000	4,975,000	n/a

WORLD CONSUMPTION (T. Supply - End. Stock)

4,975,000

Industry Challenges, and how to prepare for future ones

- Impact of rising costs of living vs. consumer spending in a luxury item like Cashews
- Maturity stage of the EU consumption market
- How to read & understand cashew crop data
- Cambodia crops maturity stage
- Impact of new investors in RCN trade
- Government interventions in RCN trade/processing
- Logistics issues where crops are processed
- Prices/margin being low as crops changes multiple hands



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Consumption Trends & Megatrends - Europe

Mindful snacking and indulgence remain a priority for consumers

- Shift to more **in-home consumption** with new snacking occasions as a result of the pandemic
- Increasing **health awareness** trend is ongoing
 - Evolving consumer expectations around healthier snacking (e.g. more natural products, shorter ingredient list etc.)
 - Governmental regulations force the industry to comply with Nutri-Score or non-HFSS standards
- Perceived healthier categories like **nuts & seeds** are likely to benefit from increasing health awareness
 - **Noble Nuts** have driven nuts & seeds category growth in the past, while struggling in the current market environment
 - Consumer demand in some premium segments has been slowing down after a **pandemic-related spike**
 - Consumers **trading down** from premium to more affordable quality products as one response to inflation
 - Nuts & Seeds and noble nuts market segments have been **recovering** from decline in value and volume sales

Savoury snacking has retained its remarkable consistency in growth and is well-positioned to remain resilient even in times of uncertainty and geopolitical crises compared to many other food categories.



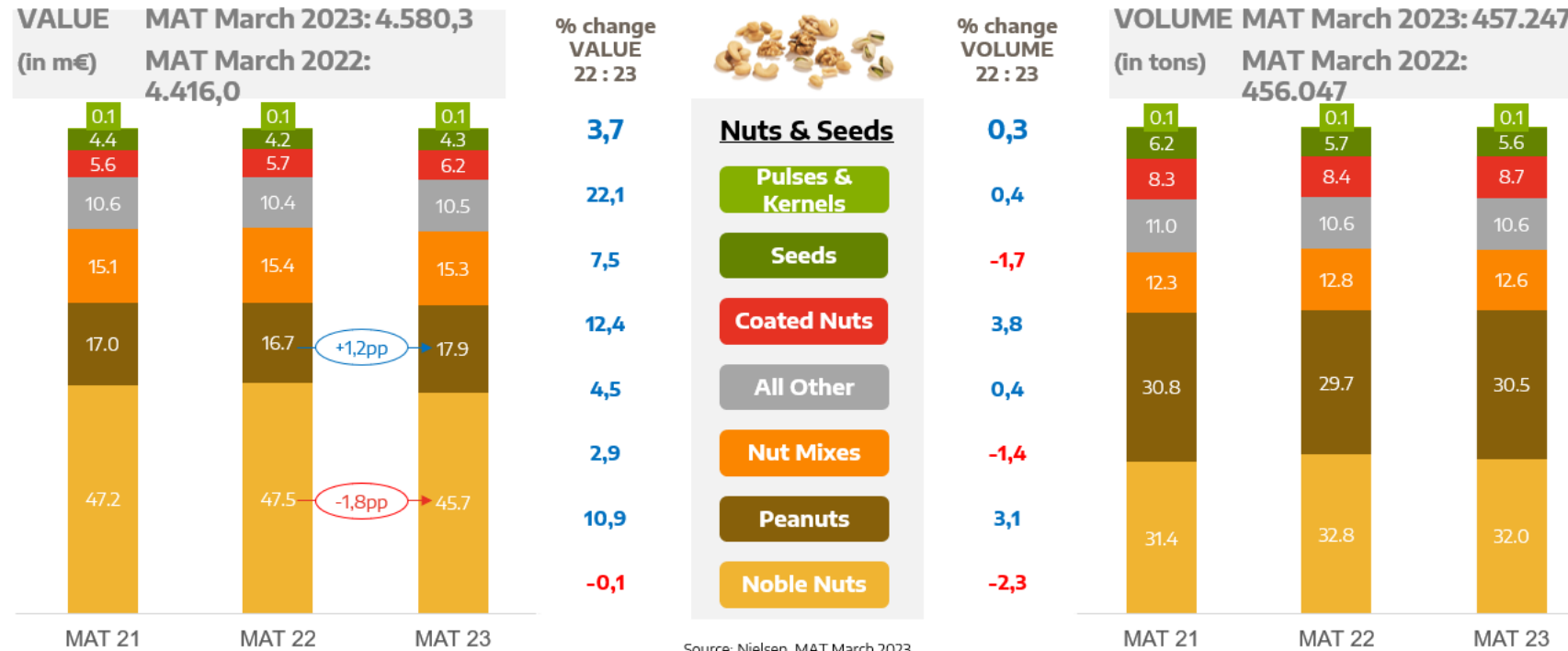
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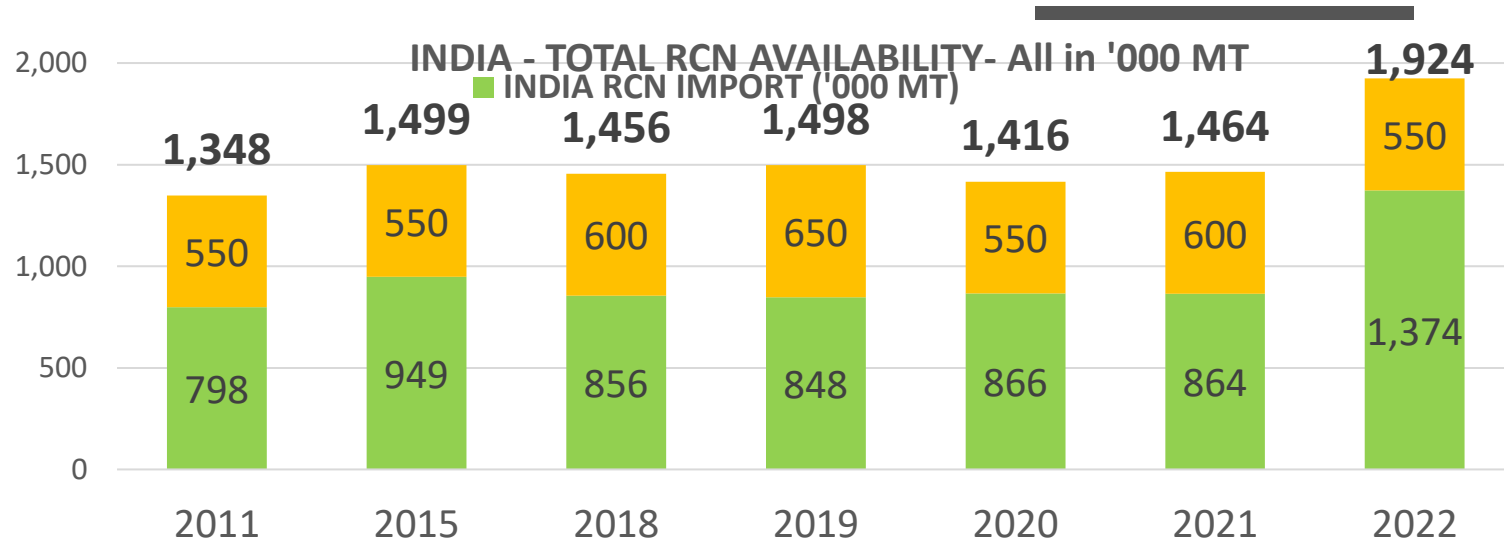
Consumption Trends & Megatrends - Europe

Segments within Nuts & Seeds (Europe 23 countries)

Value & Volume shares and change rates



Consumption Trends & Megatrends - India

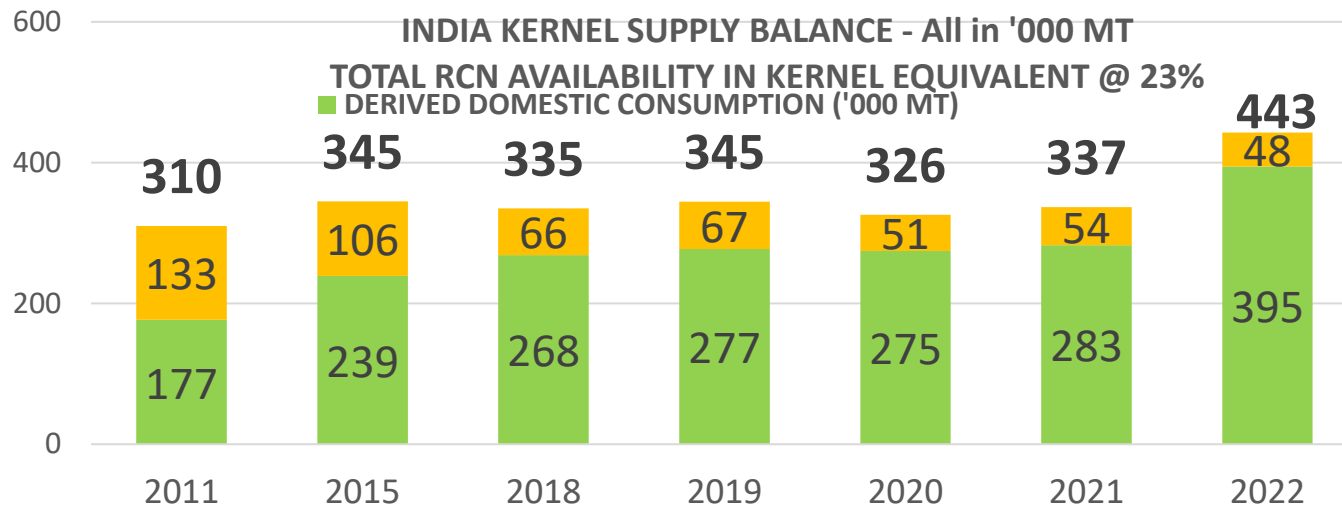


	10 Yr CAGR (2011- 2021)	6 Yr CAGR (2015 - 2021)	3 Yr CAGR (2018 - 2021)	2022 vs. 2021
TOTAL RCN AVAILABLE ('000 MT)	0.8%	-0.4%	0.2%	31.4%
INDIA RCN IMPORT ('000 MT)	0.8%	-1.5%	0.3%	59.0%
INDIA RCN PRODUCTION (TRADE EST) - '000 MT	0.9%	1.5%	0.0%	-8.3%

- The year 2022 is unusual, with high RCN import arrivals (+59% y/y growth) despite a year-on-year decrease in Kernel Exports (11% y/y decline), also trade estimates of local crop production were ~8% lower in 2022 vs. 2021.
- Hence, for the calculation of CAGR growth trends, 2021 numbers used as a reference (10 yr CAGR, 6 Yr CAGR, 3 yr CAGR)



Consumption Trends & Megatrends - India



	10 Yr CAGR (2011- 2021)	6 Yr CAGR (2015 - 2021)	3 Yr CAGR (2018 - 2021)	2022 vs. 2021
TOTAL RCN AVAILABILITY - KERNEL EQUIVALENT @ 23% ('000 MT)	0.8%	-0.4%	0.2%	31.4%
DERIVED DOMESTIC CONSUMPTION ('000 MT)	4.8%	2.9%	1.7%	39.5%
INDIA KERNEL EXPORT ('000 MT)	-8.6%	-10.6%	-6.6%	-11.0%

- The year 2022 is unusual, with high RCN import arrivals (+59% y/y growth) despite a year-on-year decrease in Kernel Exports (11% y/y decline), also trade estimates of local crop production were ~8% lower in 2022 vs. 2021.
- Hence, for the calculation of CAGR growth trends, 2021 numbers used as a reference (10 yr CAGR, 6 Yr CAGR, 3 yr CAGR)
- Derived Kernel balance reflects Domestic consumption grown by ~40% in 2022 vs. 2021 (3 yr CAGR 2018-21 @ +1.7%)



Established & emerging markets updates

- Rising costs in Food Safety & Processing implementations
- Mechanization status of the export industry
- How to tackle the disparity situation for Cashew Kernel processors
- Impact of inflation on the India Cashew Sector
- Can India become self-sufficient with their local crop?
- Cost of production rising at destination markets
- Presence of Cashews in US consumer segments



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Sustainability

- German Supply Chain Due Diligence Act
- European Green Deal
- Main sustainability targets for the Cashew sector
- Cost of Sustainability



Summary & Conclusion

- Industry challenges
 - *Margins under pressure*
 - *Kernels at disparity*
- Consumption
 - *Increasing health awareness*
 - *India redefining consumption*
- Markets
 - *Rising cost of production*
 - *Cashews are becoming more than a snack nut*
- Sustainability
 - *Sustainability comes at a certain cost*
 - *Managing the European sustainability targets*



Imagine if...

- 5.0 Million mts of RCN production = 1.0 Million mts Kernel equivalent = 35,264 Million OZ
- One Ounce = Approx 20 Cashews (basis average 320/lb)
- World Population = 8.0 Billion
- If 5% of population eats half ounce (10 Cashews) per day
- 400 Million x 0,50 = 200 Million OZ

A) *Current global production of 35,264 Million OZ will be consumed in 176 days*

B) *Potential global consumption will be 200 X 365 = 73,000 Million OZ = 4562 Million lbs = 2.07 Million mts of Kernels*

= 10.50 Million mts of RCN



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