The Australian Olive Industry

Now and in 2010

AOF October 6 2004

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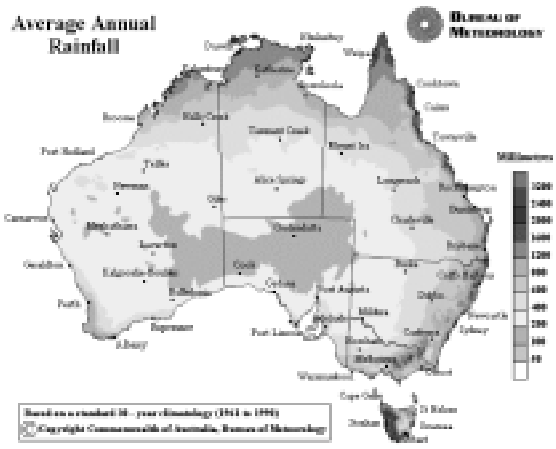
President Australian Olive Association Ltd



2004 Australian Status and Outlook

- 04 Crop about 2,500 tonnes oil
- 03 Crop 1,500 tonnes oil
- 05 Crop 4-6,000+ tonnes oil
- Potential Aust. 20-30,000 tonnes oil p.a. by 2010
- Global production 3,000,000 tonnes oil p.a.
- Potential 1% of global production (current 0.1%)
- Aust. Quality – good to excellent – most EVO
- Demand - growing

2004 Australian Olive Industry Status

- 2,500? Growers
- 120 of these are also processors
- 8,000,000 trees (25,000 ha)
- 40 grower/processor entities run 50% of the trees
- Three 100% Australian supermarket brands
- More than 4 brands exporting
- Some bulk exporting
- Many boutique brands
- Very dynamic

The Competition

- 3,000,000 tonnes p.a.
- Spain > 1,000,000 tonnes
- Italy 3-400,000 tonnes + or -
- Greece 150,000 tonnes + or -
- Tunisia – 50,000 + or –
- Others - Nth Africa, Turkey, France, Argentina, Chile, Australia, Sth Africa, NZ……

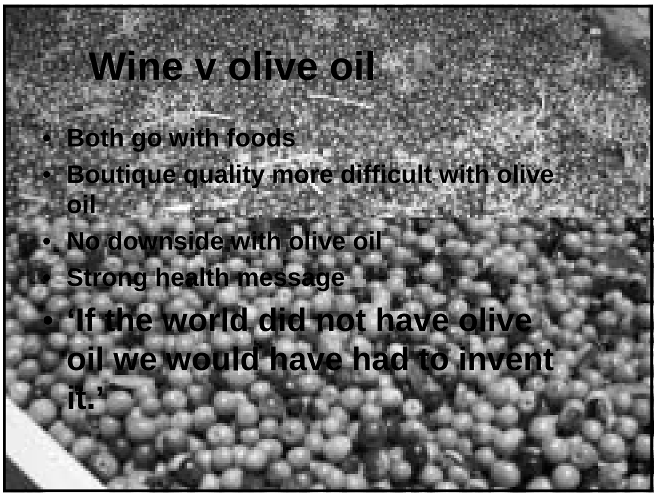
Spain

- Huge volumes – wonder of the world
- Export mostly to Italy
- Important directly in Australia
- Mostly refined oil
- Inefficient orchards
- Efficient processing
- Heavily subsidized


Typical Processing Spain
• Process 600 tonnes olives (120 tonnes oil) per day.
• Process from November to April
• Note optimum quality November to mid December
• Store 8,000 tonnes of oil


Italy
• The biggest cottage industry in the world
• Mixed enterprises
• Small holdings < 1ha
• V. inefficient orchards
• Heavily subsidized
• Excellent marketing
• Wonderful food image
• Excellent to very poor quality
• Steeped in tradition


Italy
• Integration of food, wine, olive oil and image as part of the culture.


Wine v olive oil
• Both go with foods
• Boutique quality more difficult with olive oil
• No downside with olive oil
• Strong health message
• 'If the world did not have olive oil we would have had to invent it.'


How do we compare Aust. wine vs olives
• Brand Australia
• English speaking markets
• Quality and regulation
• Innovation
• Funded and organised
• Consolidation
• Food alliances
• Targeted markets


Processing technology
• All Italian – some innovation

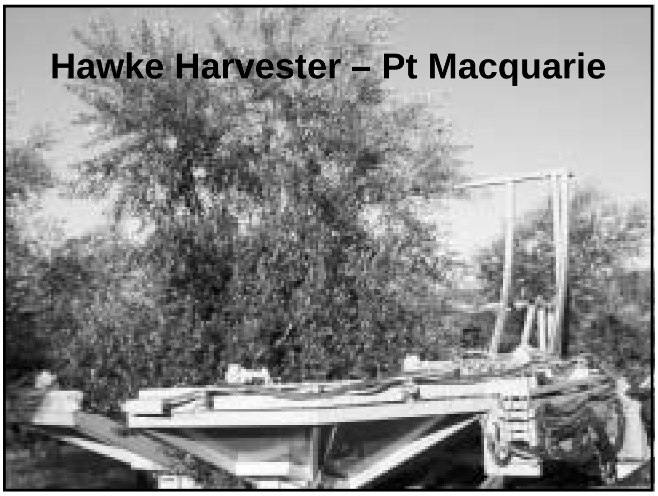

Harvesting

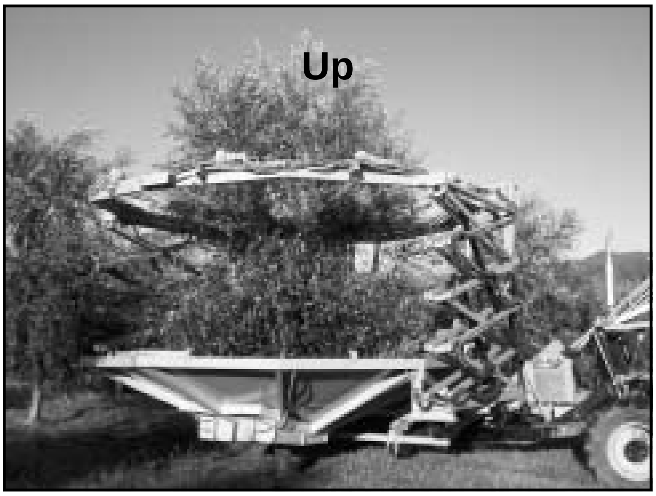

Harvesting 04 – hand –Italy

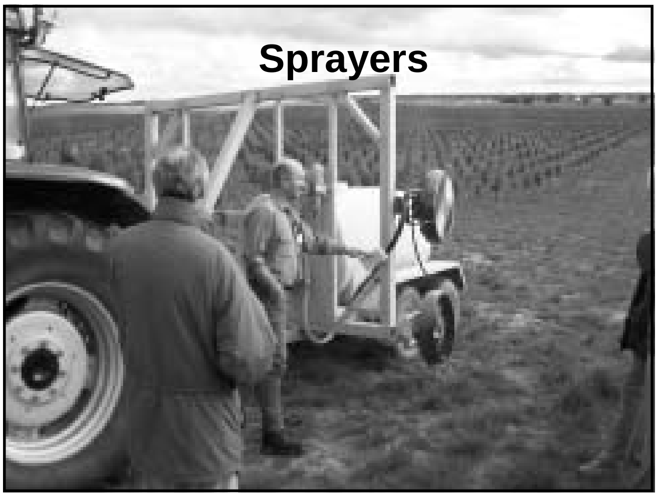

Harvesting – 04 – machine – Spain


Harvesting 04 - machine –
Australia


Harvesting 04 - Australia


Hawke Harvester – Pt Macquarie





Olive Products - Retail in Australia

The score at the top end, Australia 10, Rest of the World 1

Volume Retail Trade?

- **Price** – efficiency and volume
- **Consumer preferences** – education, perception
- **Regulation** – must come from Government
- **Only 2 customers in Australia.**

Authenticity?

Other efforts to upgrade perceptions

Fat?

- **Mono unsaturates – v saturated fats**
- **Bad animal fat v good vegetable oil**
- **Antioxidants**
  Polyphenols and sterols
- **Extra Virgin Olive Oil – the Right Balance and image**

London Telegraph June 03

Australia – The country benefits from space, sunshine and well established Greek and Italian Communities. Clever blending, pleasing flavours and astute marketing means Australia's oils will enjoy huge popularity here before long.

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Back to Reality

- Competition - subsidized and excellent marketers.
- Must develop product recognition.
- Build on credible image of agriculture.
- Build on technology, QA and efficiency.
- Work with other products.
- Partnerships with Government and major suppliers.
- Work as one industry.
- <u>Offer the best value and add value.</u>

2004 v 2010 Australian Olive Industry Status

- 2,500? Growers in 2004
- 500 ‘Growers’ in 2010
- 120 processors in 2004
- 50 processors in 2010
- 8,000,000 trees (25,000 ha) in 2004, same in 2010
- 2004 - 40 grower/processor entities run 50% of the trees
- 2010 – 5 grower/processors run 75% of the trees consolidated in Shiraz/Chardonnay zone

2004 v 2010 Australian Olive Industry Status

- 2004 Three 100% Australian supermarket brands, 2010 5-10
- 2004 More than 4 brands exporting,
2010 10 brands exporting larger volumes
- 2004 Some bulk exporting,
2010 50% of crop bulk-exported
- By 2010 there will be fewer boutique brands
- Very dynamic in 2004 – more stable in 2010