

DAIRYING: A CHALLENGE AND OPPORTUNITY

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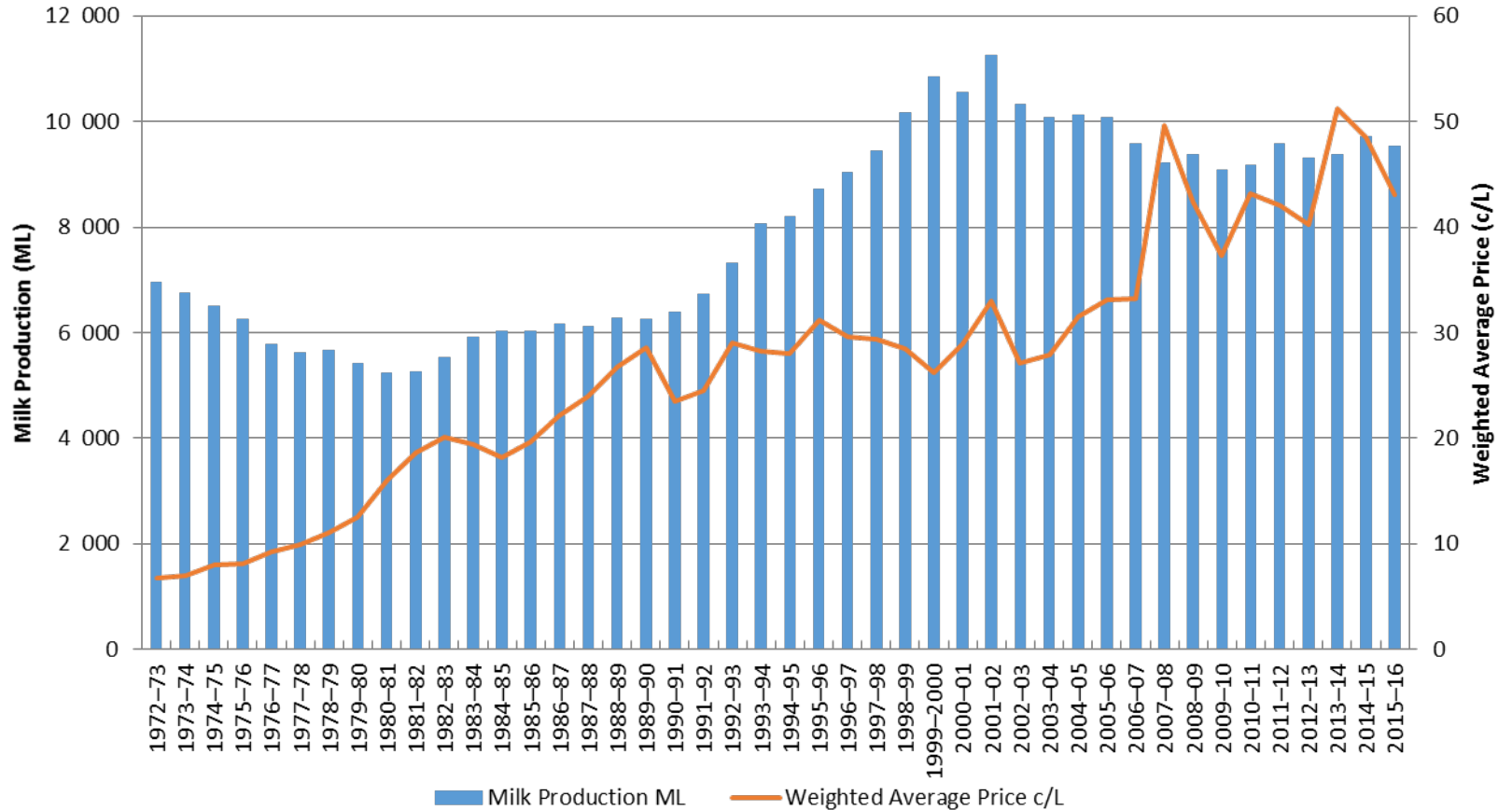


THE CURRENT SITUATION

- 2016 has been a **difficult year**
- We see a **strong future** with a **steady recovery** of prices as global markets adjust
- However, **risks remain** with price volatility in the market and changing supplies in the EU



CHALLENGES: GLOBAL INDUSTRY



CHALLENGES: ON FARM

2016

Global Food Demand
3,473 mt

Aus. Share of Exports
1%

Gross value of Aus. Production
A\$211.7B

Capital Stock
A\$630B

Scenario Analysis



Global Demand for Food

Base Case

0.9%

Moderate Growth

1.4%

Aggressive Growth

1.9%



Australia's share of exports

1.3%

1.5%

2%



Farm Turnover Rates

1.6%

1.8%

2%



Reinvestment Rates

8%

10%

12%

Base Gap



\$109.2
AUD Billion

Moderate Gap



\$133.6
AUD Billion

Aggressive Gap



\$159.5
AUD Billion

Sector Breakdown (\$AUD Billions)



Beef
9.7

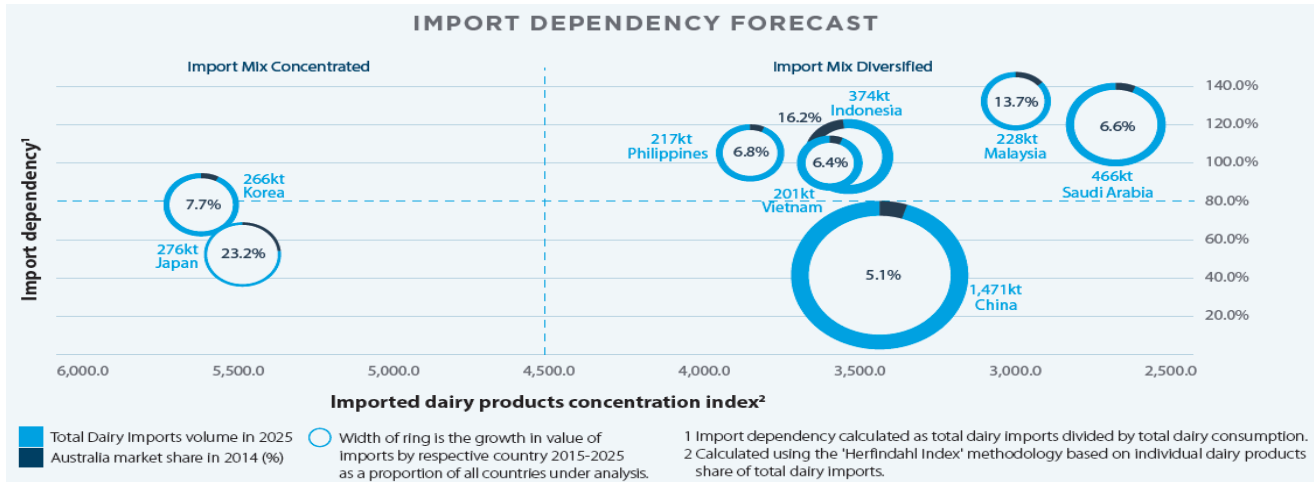


Dairy
12.6



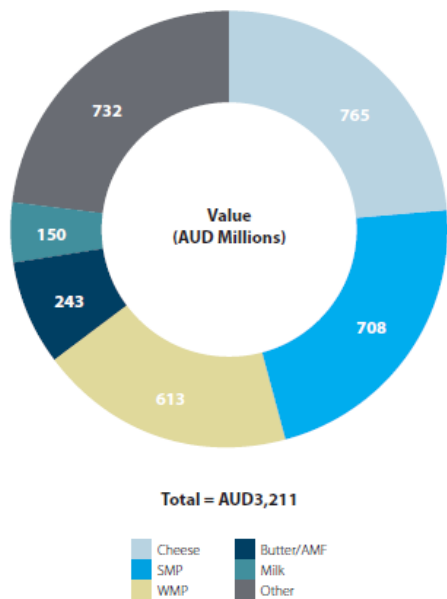
Grains
9.9

OPPORTUNITIES: EXPANDING MARKETS



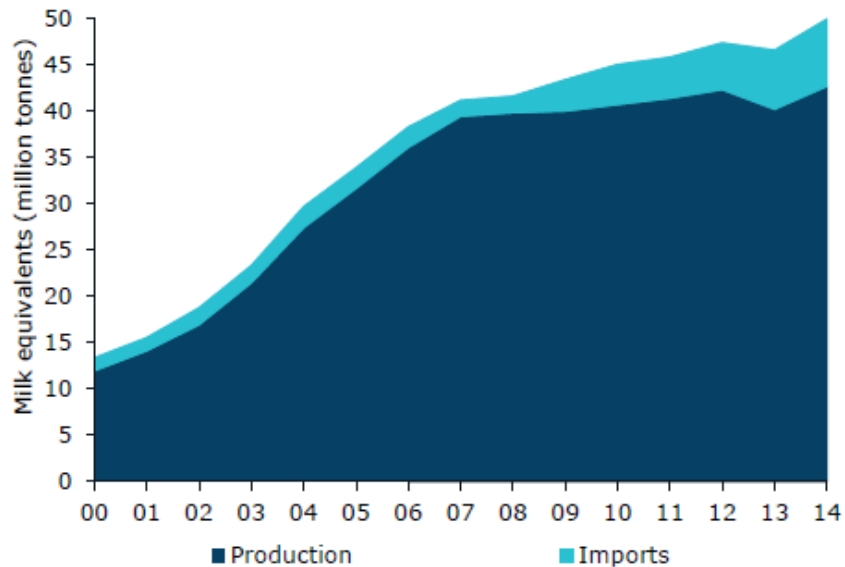
INCREASING GLOBAL DEMAND

DAIRY EXPORTS BY PRODUCTS (2014)

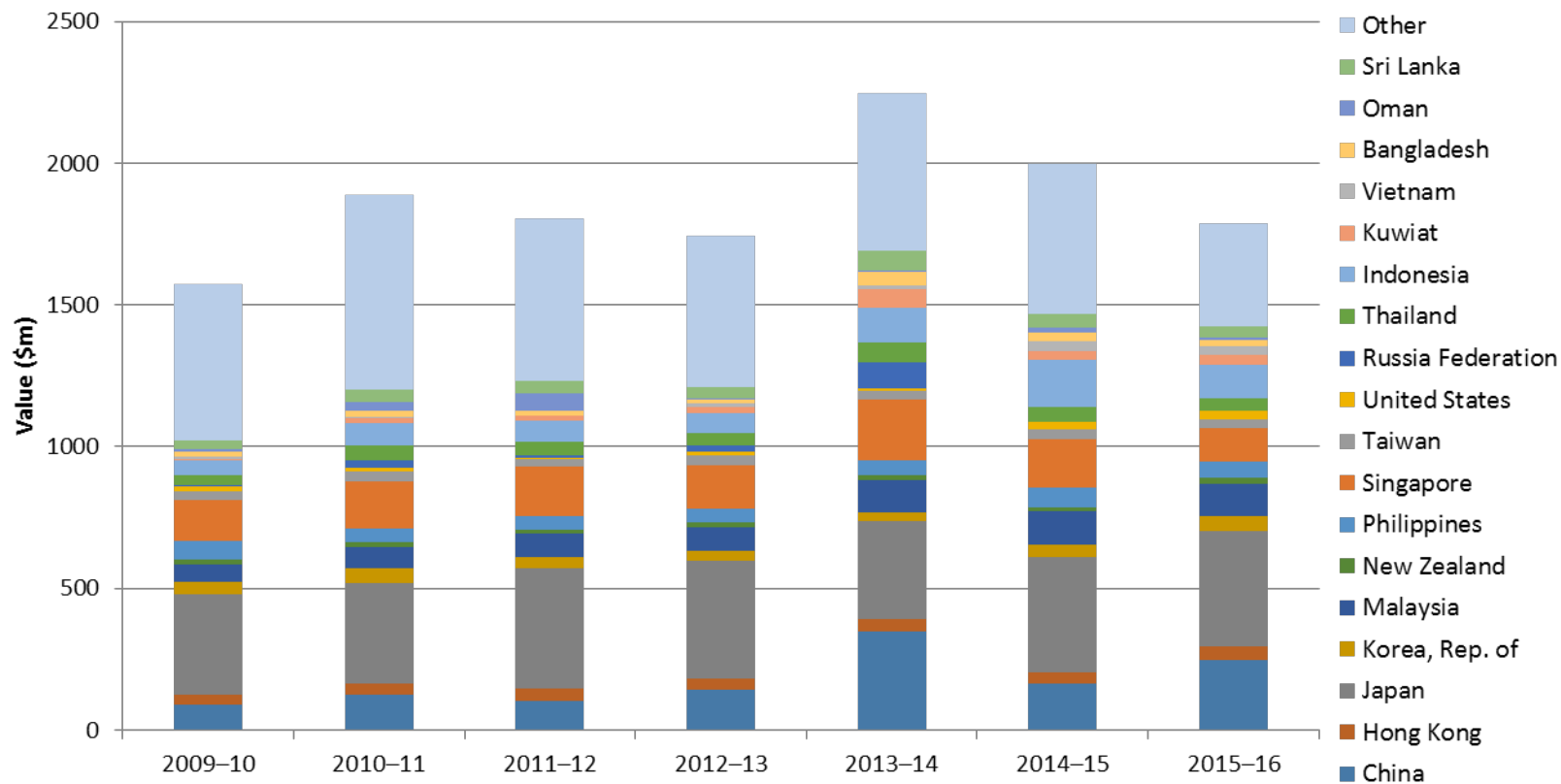


Source: Dairy Australia

CHINESE DAIRY CONSUMPTION



OPPORTUNITIES: INCREASING EXPORT VALUE



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