SOUTHERN AFRICAN CITRUS INDUSTRY EXPORT SEASON 2018

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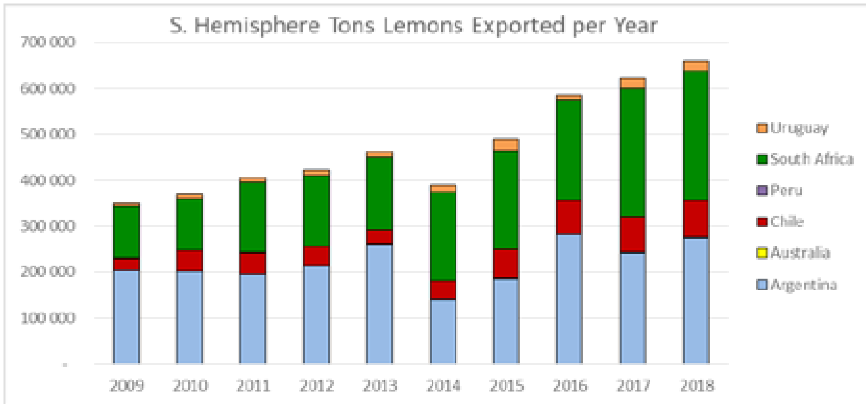
Southern African citrus exports have now surpassed the 2017 figure to hit a record this season, in what has been viewed as a successful campaign. Total packed volume at the end of week 38 stood just over 124 million 15-kilo cartons surpassing last year's 123 million cartons.

The latest prediction is for 133.1 million cartons against an original estimate of 131.7 million.

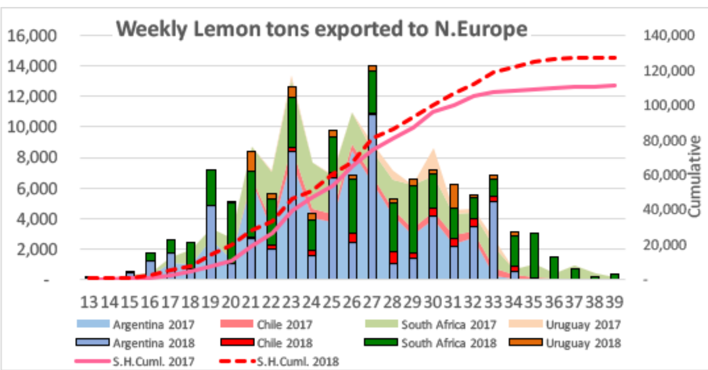


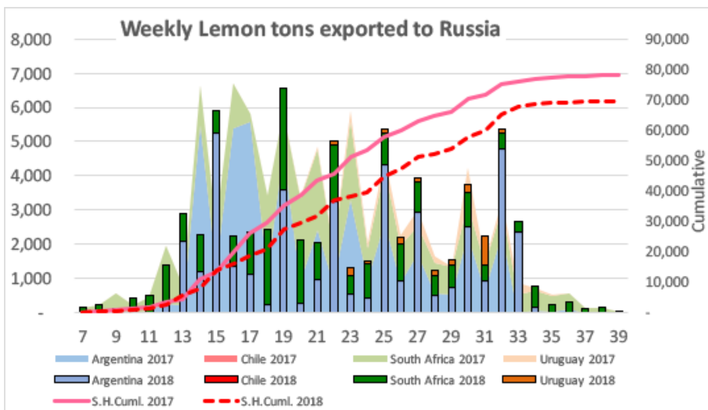
LEMONS: Lemon exports from the southern hemisphere countries grew about six percent from around 620 500 tons last year to just under 660 000 tons by the end of week 39 in 2018. Argentina's shipments grew 13% to 274 653 tons whilst South Africa's exports were stable; growing by 1% to 281 687 tons at week 39 this year. Timing played an important role in the marketing this year with Spain's Verna crop being significantly down, allowing an early start for southern hemisphere exporters as can be seen in the graph below of shipments to northern Europe. Argentinean exports were hampered on one side by quality challenges but assisted on by a weakening of their currency.

South Africa's lemon packing volume at week 39 stood at 19.2 million cartons, 1% up on last year and 7% down against March's estimate of 20.6 million cartons. Whilst the Sunday's River Valley which typically accounts for almost half the country's lemon exports reflected the national average of 1% growth.

The Middle East and Europe absorb two thirds of South Africa's lemon exports. Traditionally South Africa's main lemon export market, the Middle East received only 34% of the export crop this year compared to 40% last year whilst Europe's share grew from 20% to 30%.

Russia took about 9% of our crop; 25 000 cartons down on last year's export to this market.





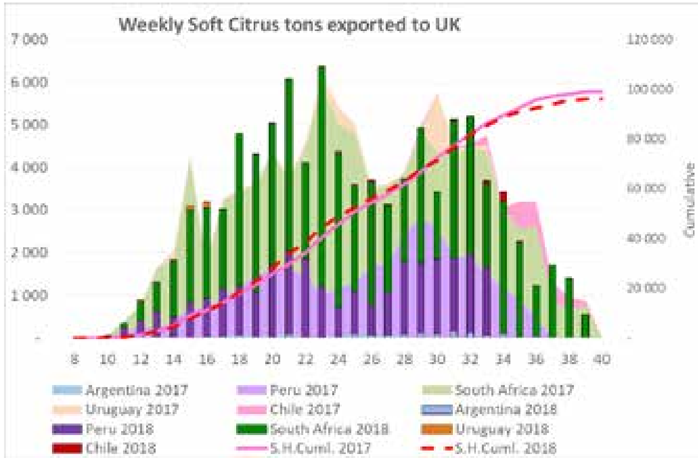
SOFT CITRUS: Soft citrus exports will finish around 17 million cartons this year, up 26% on last year. Satsumas volumes at 2.06 million cartons were 19% up on last year; clementine were the same at 2.83 million cartons; Novas were 39% up at 3.4 million cartons and the late mandarin types 19% up around 6.4 million cartons at end week 36.

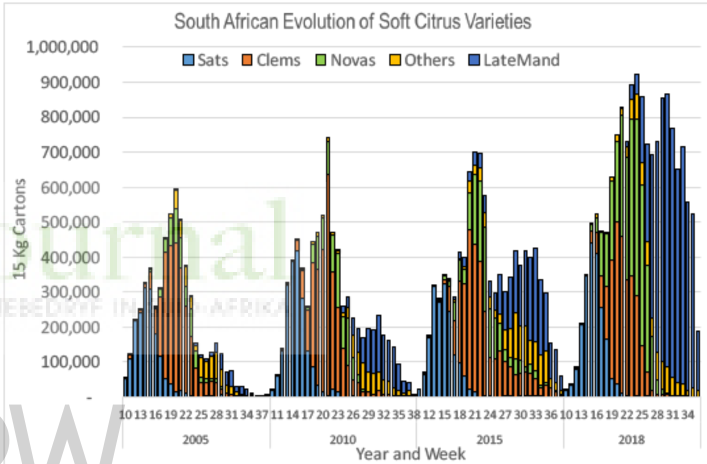
The strong growth in Novas and late mandarin types continues. One of the Soft Citrus Focus Group members coined the phrase "Nova hangover" as the late mandarins were being shipped into the markets. Whilst the overall growth in soft citrus volumes continues, the weekly distribution pattern is also evolving. Whereas in the years pre-2010, the South African soft citrus packing peaked around week 20 and dropped off sharply, the growth in the Novas and late mandarin types see a weekly supply of over 700 000 cartons from weeks 20 to 30.

Our easy peelers experience the biggest level of commodity competition amongst the southern hemisphere citrus exporting countries.

The U.K. (28%) and Europe (25%) in 2018 together take over half of South Africa's export of soft citrus. The UK took 4.4 million cartons in 2018 compared to 4 million cartons by week 39 last year; up 11%. Europe took almost 4 million cartons in 2018 compared to 3.36 million cartons by week 39 last year; up almost 18%.

Both these markets are expected to receive similar volumes to last year. The southern hemisphere collectively, as the chart right indicates with Peruvian data only available to week 35. South Africa's other main soft citrus markets Southeast Asia, North America and Russia each with around 10% share of the South African offering, all took significantly higher volumes this year.



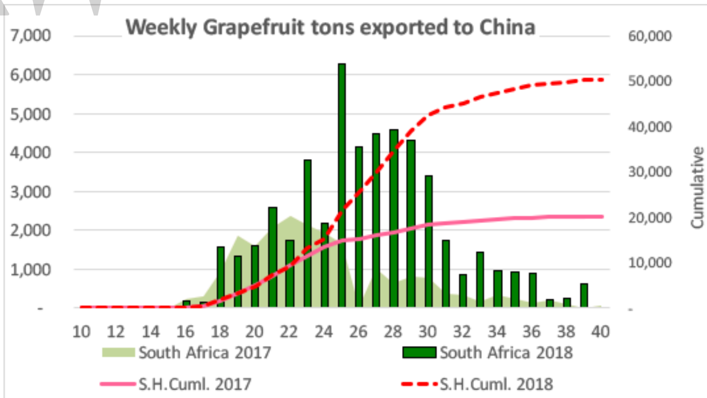


ORANGES: Navel packing volume in 2018 at just over 26.4 million cartons was 26% on last year' 21 million cartons and under 2.7% up on the March estimate, recovering from the Eastern Cape's disastrous 2017 season. The Senwes region had a massive season with 8.7 million cartons packed; up 40% on last year.

Valencias are expected to finish up slightly down on the March estimate of 53.9 million cartons (including Swaziland and Zimbabwe volumes).

The orange export season was marked by a slow start due to significantly higher volumes of Egyptian oranges lingering longer in the markets. Another feature was the delayed colouring of the South African fruit which may have been fortuitous considering the Egyptian situation. It is widely expected that this Egyptian phenomenon will become a permanent feature of the orange exporting landscape. Once the Egyptian volumes had cleared Navels did surprisingly well in the European markets. The jury was still out on the Valencia season at the time of writing.

Europe and the Middle East are South Africa's main navel markets, each receiving 26% of the export volume. The other markets received similar proportions to last year. (Southeast Asia 18%, North America 15% and UK and Russia each 5%). South Africa dominates the southern hemisphere orange exports.



GRAPEFRUIT: The Southern African initial estimate of 14.8 million 17 kg cartons made in March fell short as, together with the Zimbabwean and Swaziland contribution, this year' packed total proved to be a record with over 16.4 million cartons packed by week 38. Moving such a big volume made for an extremely challenging season in the markets. As with oranges, South Africa dominates the southern Hemisphere grapefruit exports.

Whilst Northern Europe remained the major market for grapefruit, taking 70 000 tons in 2018, China saw massive growth to around 50 000 tons as can be seen in the chart above.

Paradoxically whilst the sentiment at this juncture last year was of some apprehension about 2018's lemon and soft citrus fortunes, these commodities fared surprisingly well whilst grapefruit and valencias did less well.