

**Costa Group Holdings Ltd
(ASX:CGC)**

**‘Our Ambition: To build
China’s most valuable
Berry business’**

**Goldman Sachs
Emerging Leaders
Conference**

**Sydney, Australia
26 April 2022**



Bailang berry farm, China



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China story to date



Key Highlights

2015 – Costa commenced its first berry planting in Yunnan Province (25 hectares).

Five-year plan to have 250 hectares under cultivation.

April 2022 - 396 planted hectares (harvesting presently from 296 hectares) across three key growing locations.

All plantings in substrate (out of soil) and protected.

Joint venture between Costa (70%) and Driscoll's (30%).

Product marketed by Driscoll's and sold under their brand.

Sold exclusively into Chinese market.

Costa equity contribution to date - circa \$60m.

Joint Venture capex to date – circa \$94m.





Key farming and production data

Three main growing locations in Yunnan Province, Southern China.

1. Honghe Prefecture

- Bailang (25 hectares)

2. Xishuangbanna Prefecture (three sites in close proximity)

- Manlai/Manle (86 hectares)
- Manhong (65 hectares)
- Guangmen (70 hectares)

3. Baoshan Prefecture

- SQ Farm (50 hectares)
- Agripark – newest farm, first crop in CY23 (100 hectares)



Berry Type	Planted hectares
Blueberries	365 hectares
Raspberries	22 hectares
Blackberries	9 hectares
Total (as at April 2022)	396 hectares

Berry Type	Harvest Period
Blueberries	Jan – June
Raspberries	Sept – June
Blackberries	Sept - May



From the beginning Costa recognised and committed to several key drivers in order to achieve success in China.



- Establish a production footprint utilising world leading IP/genetics to supply the Chinese consumer with premium berry varieties.
- Work co-operatively and harmoniously with local stakeholders, including government, officials, employees, local villages and the surrounding population.
- Introduce world leading agronomic and technical expertise from Australia and other sources, including substrate (out of soil) plantings and protected cropping.
- Commit to key Chinese government agricultural policies with the aim of working to achieve positive outcomes in terms of rural economic improvement and poverty alleviation, positive environmental impacts and the wider social good.
- Promote training for local employees in the areas of agronomy and other skilled occupations, and a safe and healthy working environment.
- Meet the growing consumer demand for premium health foods.



Increasing household income and greater health awareness is leading to greater discretionary spending by the middle class and affluent.



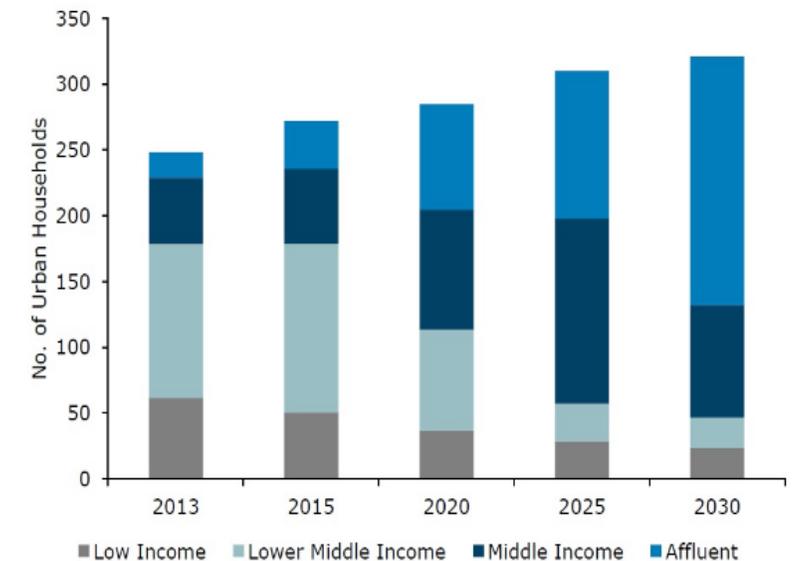
- There has been significant and ongoing growth in the number of Chinese middle class (currently estimated at 230 million+) and affluent income households over the last decade.
- Combined with strong Government focus on promoting healthy living (Healthy China Action Plan 2019-2030), including making the right dietary choices.
- These factors are contributing to increased demand for premium fresh produce and willingness to pay a premium.
- Blueberries are recognised by consumers for their health benefits, which may improve brain, eye and heart health along with reducing cancer risk.¹
- Costa's Arana jumbo variety is leading this market growth. Higher percentage price premium received for Arana than in any other market.
- Driscoll's brand is highly recognised and synonymous with quality.

1. American Institute for Cancer Research – <https://www.aicr.org/cancer-prevention/food-facts/blueberries/>

“The rise of China’s middle class will help lift consumption share in GDP to around 50% by 2030 from 36% in 2014.”

Source: ANZ Research

FIGURE 1. PROJECTION OF CHINA'S URBAN HOUSEHOLDS BY INCOME GROUPS



Source: ANZ Research



All marketing and promotion of Costa grown China product is undertaken by Driscoll's under their brand.





Driscoll's brand is highly recognised as representing premium fresh quality produce.





Aiming to be the category leader and preferred supplier to key Chinese retailers.





Costa works to be a valued and productive member of the local communities in which we operate.

Community focused actions include:

- Providing safe, healthy and beneficial employment.
- Specific community support programs which support local initiatives.
- Staff engagement in local festivals and events.
- Sponsoring educational support for young people¹.
- Maintaining consistent levels of communication with village and community representatives.
- Respecting the local neighbouring farmers and ensuring that farming operations do not have any negative effect on neighbours and communities.



1. Refer Appendix One – Supporting poverty alleviation

The next five years will see a continued focus on building our product offering, increasing scale and market penetration.



- Fast track new genetics for premium varieties and shoulder season expansion to build competitive advantage against competitors.
- Evaluate new opportunities relating to location, climate and varieties, including growing cooler climate blueberries.
- Expand market penetration beyond Tier 1 and 2 cities through improved supply chain so nursery, post harvest, cold chain and food safety are competitive advantages.
- Consider building out our product range to incorporate a 'berry basket' retail offering, including strawberries and continuous improvement in rubus quality and consumer awareness.
- Explore further adoption of automated blueberry packing lines, improved post harvest time-temperature management outcomes and reduced product waste.
- Continuous improvement in staff training and development, including promoting a culture of best management practice.

Appendix One – Supporting poverty alleviation



- Costa has been a strong supporter of the Chinese government's Poverty Alleviation Program.
- The Poverty Alleviation Program is a nationally coordinated program that targets regions, including those in Yunnan that are classified as some of the poorest provinces in China.
- The Costa Joint Venture in China has been formally recognised in Menghai for its support of the program through the creation of employment opportunities and the benefits this has brought to the local population.
- In Baoshan a support program is aimed at enabling talented children from poor rural families to further their education.
- Costa participates in this program, supporting several children from the village closest to our development. This includes a payment covering their course fees, accommodation and living expenses.



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