



Outlook on Global Cooperation IFAMA 2012 World Forum

Akarin Gaw



Agenda



Americold Introduction

Global Food Trade

China Food Trends

Partnering for Growth

Agenda



Americold Introduction

Global Food Trade

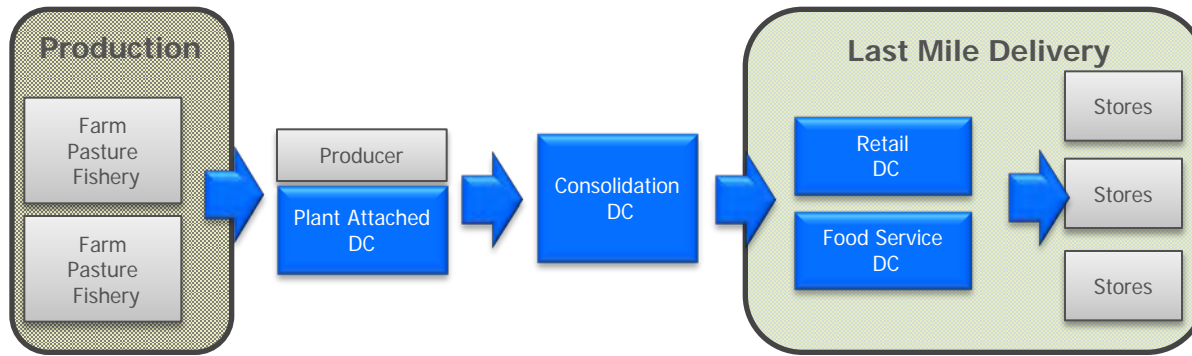
China Food Trends

Partnering for Growth

Americold Overview



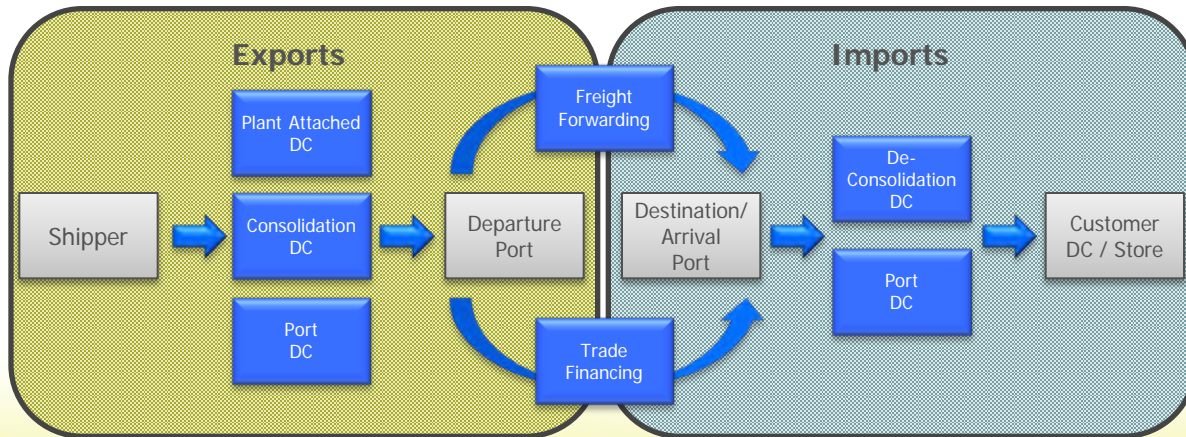
Temperature-Controlled Warehousing, Consolidation and Transportation Services




Other value added services:

- Trade financing & support services
- Distribution services
- Customs and Quarantine
- USDA inspection
- Stamping & labeling
- Container loading & Unloading
- Produce fumigation
- Repackaging & processing
- Crossdocking & transloading

International Market to Market Services

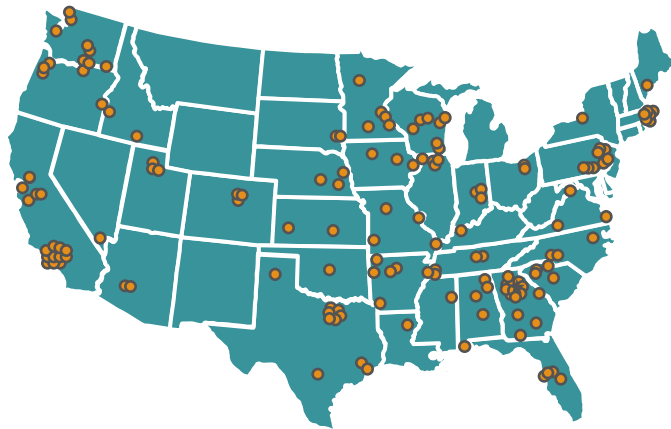


 Indicates where Americold provides service in the supply chain.

Global Network



United States



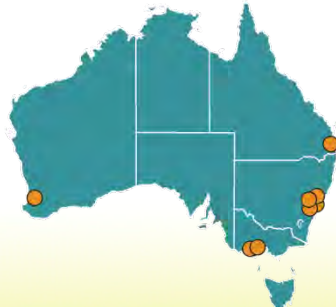
Snapshot

- 182 warehouse operations
- 12% of global warehouse capacity
- 30% of US warehouse capacity
- Integrated supply chain solutions
- 12,000 associates
- Headquartered in Atlanta, GA

Canada



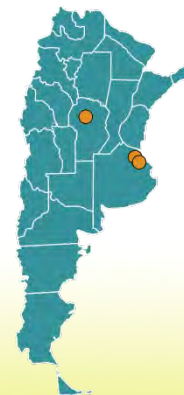
Australia



New Zealand



Argentina



China



Americold History



- Over 100-year history in the United States
- Consolidation in US market over the last 20 years
- Merger of 4 regional entities in 1999
- Remained a purely domestic company through 2009
- Global financial crisis and a new shareholder and management vision created opportunity for international expansion
- Acquired Versacold, 2nd largest global player, with footprint in the US, Canada, Australia, New Zealand and Argentina in 2010
- Formed JV to enter China market in 2010

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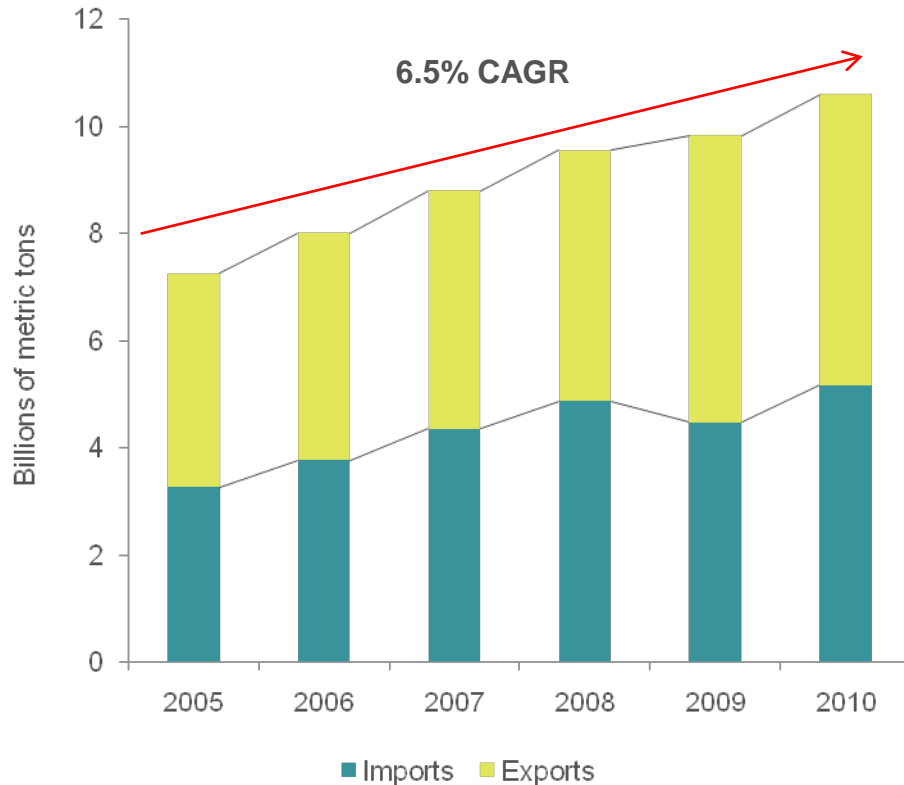


- Food trade is increasingly interlinked in the “Global Economy”
- Trade of refrigerated and frozen food is the fastest growth segment in global trade¹
- Emerging market countries consumption increases combined with adverse weather conditions are driving up food costs
- Long term sourcing strategies will focus on the least cost producers – ie the US is a low cost grain and protein producer
- Developing competitive sourcing strategies will be imperative to growth and success in agribusiness
- Developing an efficient supply chain in emerging markets will be a key differentiator for long term success

¹Source: Port Import Export Reporting Service (PIERS).

Trade Flows

Growth in Import & Export of Temperature-Controlled Food¹



Temp-Controlled Product Imports, by Country Share and Growth Rate

Region	Market Share	'07-'10 CAGR
EU Countries	17.1%	26.9%
United States	16.8%	1.9%
Russia	14.6%	-2.0%
Brazil	7.4%	32.5%
Canada	5.1%	25.6%
Norway	4.6%	32.5%
Australia	3.8%	34.1%
Chile	3.7%	34.8%
Japan	3.6%	13.2%
New Zealand	3.5%	22.1%

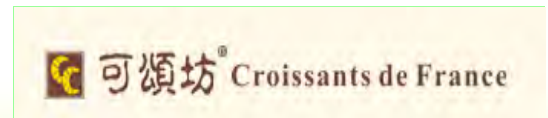
¹ USDA Foreign Agriculture Service

Customers Are Increasingly Global



Our Domestic US Customers

International Customers



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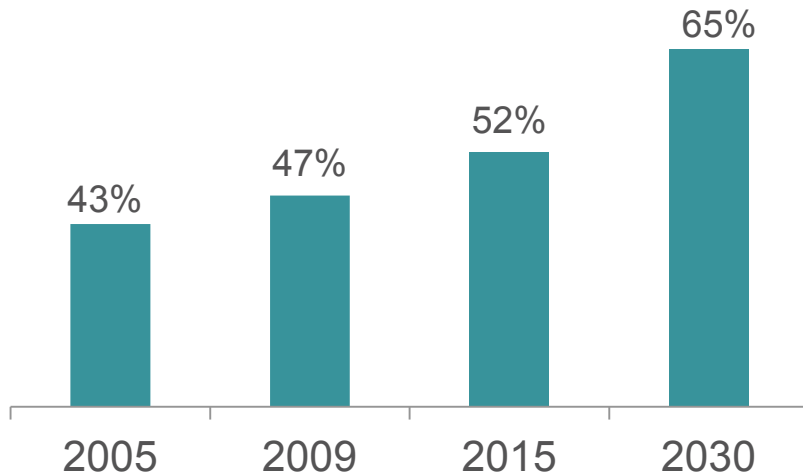
Global Food Trade

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Partnering for Growth

Urbanization & Affluence

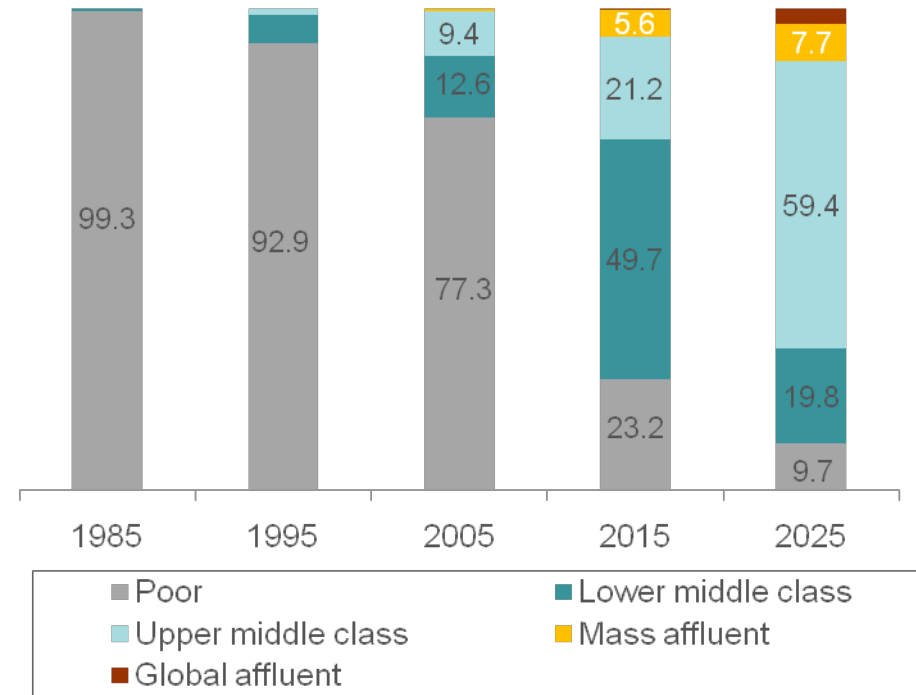
China Urbanization



2009 to 2030 impact = +225M urban residents and +4.5 trillion USD consumption

Source : China Academy of Social Sciences

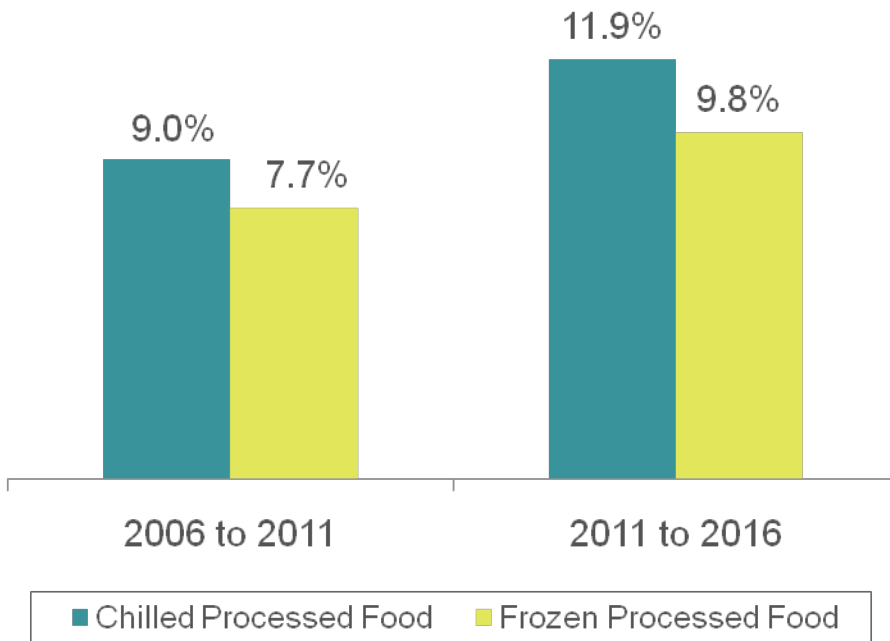
Urban Household Affluence



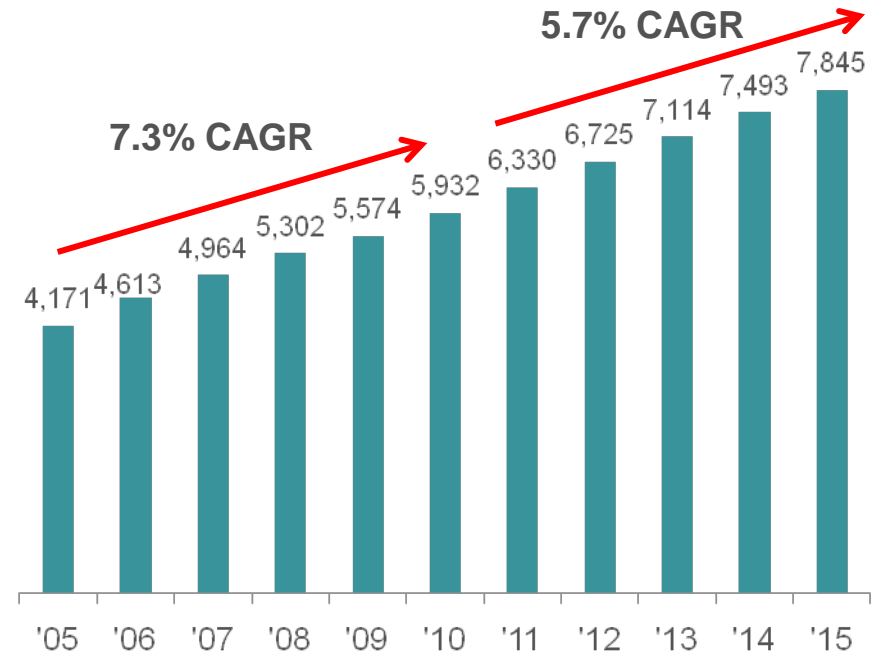
Some figures do not sum to 100% b/c of rounding.
Source: National Bureau of Statistics of China, McKinsey Global.

Food Consumption

Annual Growth Rates in China Food Consumption (Tons)



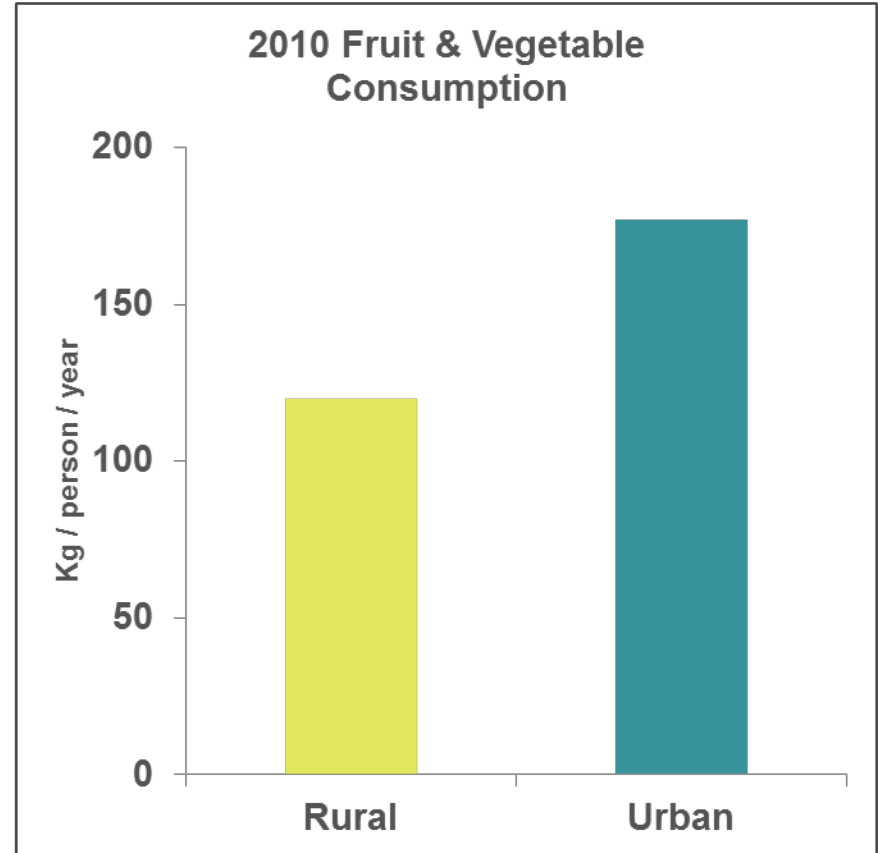
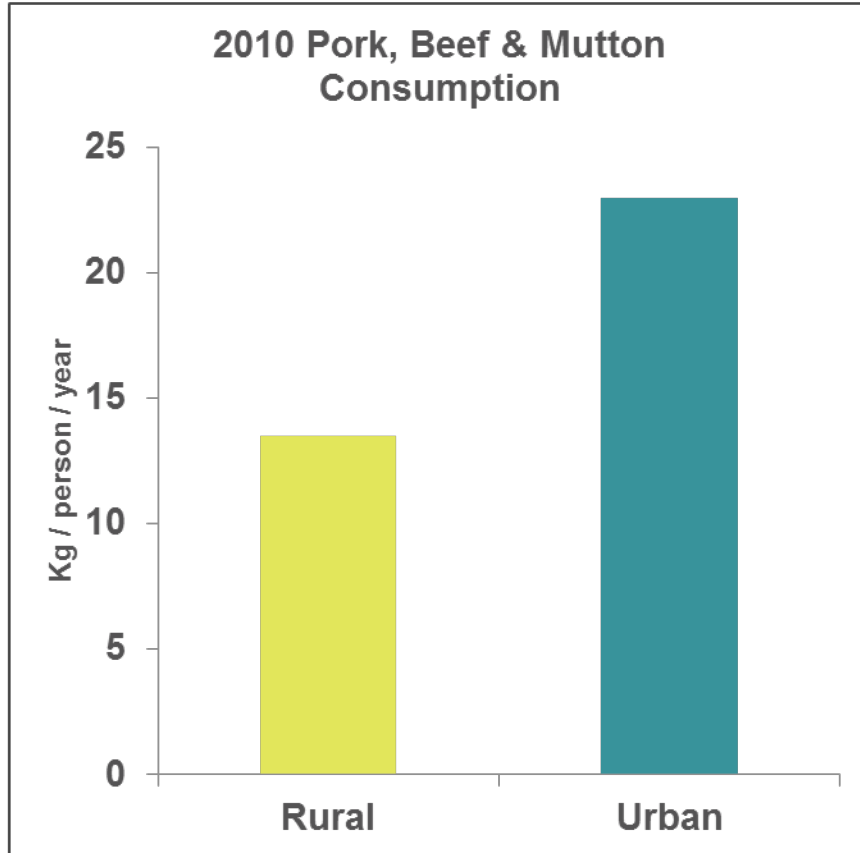
Consumer Foodservice Outlets



Strong growth in consumption and outlets

Source: Euromonitor International, 2011.

Rural vs. urban consumption



- Growth in Protein and F&V consumption in urban consumption exceeds rural consumption
- Tier 2 & 3 city growth rate is exceeding tier 1 cities

Food consumption trends

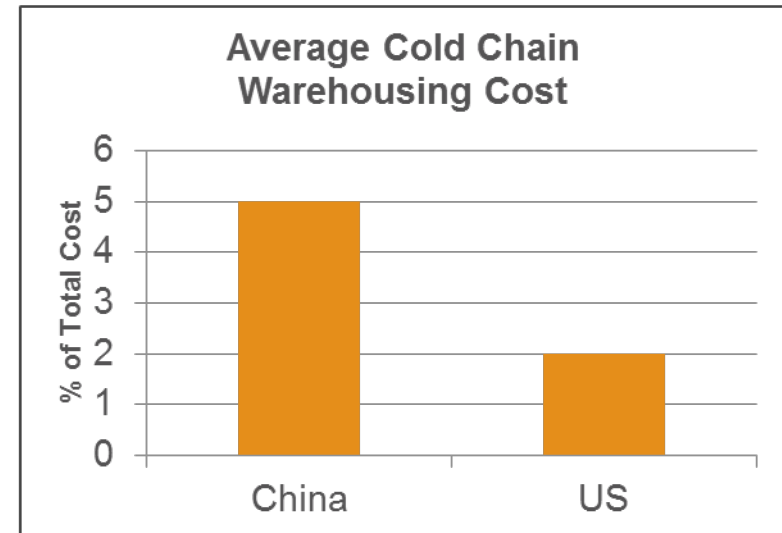
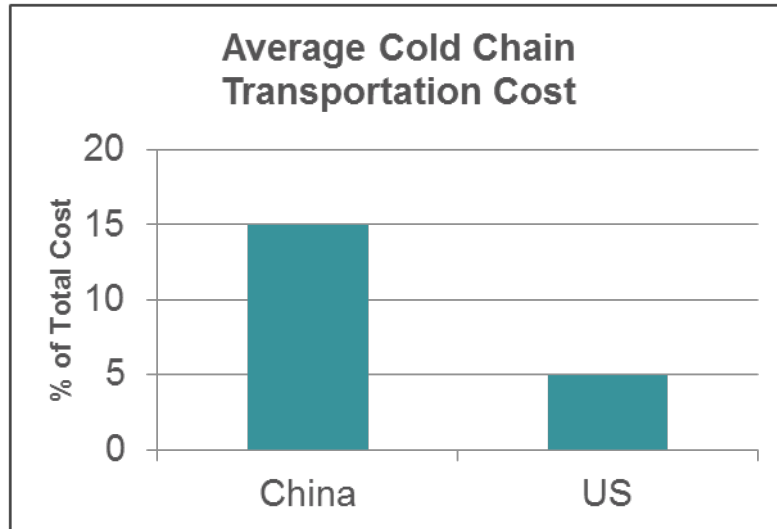


- Growth of imported and higher value food continues with increase in disposable income with middle income earners
- Food safety remains top consumer concern in China
- Imported food often selected since it meets safety standard of country of origin and CIQ processes in China
- Will be the largest market for imported food by 2018¹
- Demand forecasts of convenience and foodservice expected to be 12-14% CAGR²
- Fresh/chilled food are still preferred over frozen; becoming more accepted with younger consumers

¹China Daily: Industrial analysis report, 2010.

¹Euromonitor, 2010.

Logistics cost comparison



- Availability of reefer trucks
- Truck utilization
- Management of service delivery area restrictions
- Redeployment of assets

- Availability of facilities
- Energy management
- Throughput efficiency
- Facility cube utilization
- Inventory management

Source: Americold internal research data.

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Partnering for Growth

Partnering for Growth



Customer / Business Partnerships

- Commercial relationship
- Contractual arrangement
- Product & Services



Strategic Alliances / Partnerships

- Formal agreement to collaborate
- Mutually beneficial goals
- No assets, no employees
- Limited legal standing



Shenzhen Agricultural Products Co.

Joint Venture Partnerships

- Standalone entity
- Shared ownership
 - Benefits
 - Complexity
- “Marriage”







Factors for Consideration



- Strategic and Commercial Rationale
 - Operational Expertise, Technology, Marketing, Customers, Government and Regulatory Climate
- Capital Resources / Risk management
- Shareholder Expectations / Value Creation / Exit
- Social or “People” Issues
- Create Win-Win Outcomes

To JV or Not to JV?

1. Do I have a choice?  Arranged Marriage
- 
2. Does the partner add value to my business?  Go it Alone
- 

- a. Partner Selection
- b. Engagement
- c. Wedding
- d. Manage the Relationship

China Merchants Group



Established in 1872, China Merchants is the oldest mainland China enterprise headquartered in Hong Kong. As of 2011 the group had a market cap of \$55B.



Financial Services



Port Operations & Infrastructure

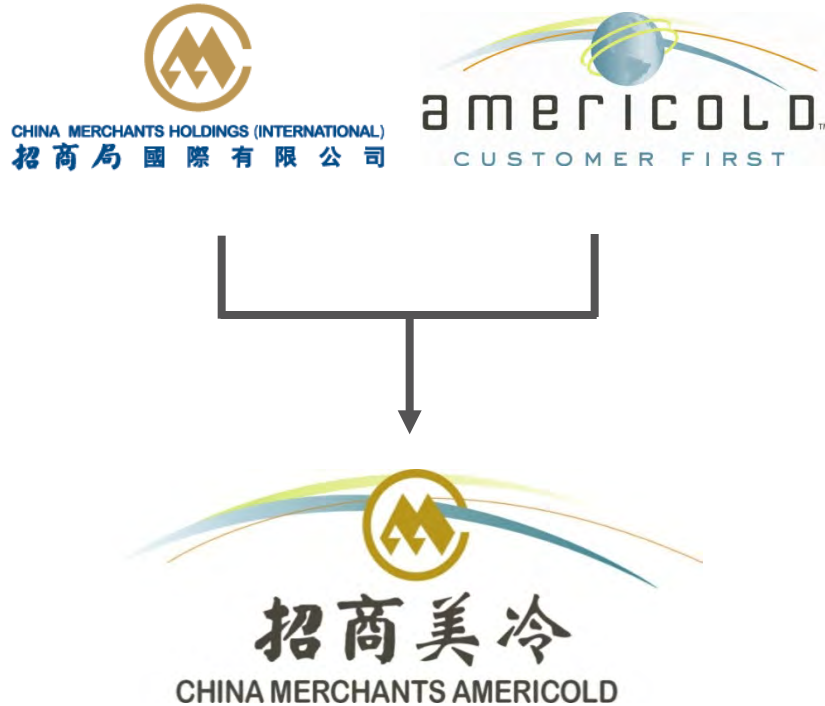


Dry 3PL Logistics



Property Development

China Merchants Americold (CMAC)



- CMAC is a joint venture established between China Merchants Holdings (International) and Americold
- Offer fully-integrated warehousing and transportation services in China
- Services will include import/export, fresh distribution and direct to store deliveries
- CMAC currently owns and manages 11 cold storage facilities in China (including Hong Kong) and will build up extensive cold-chain networks in the next few years.
- Distribution to 500 points within China
- CMAC operations subsidiaries:

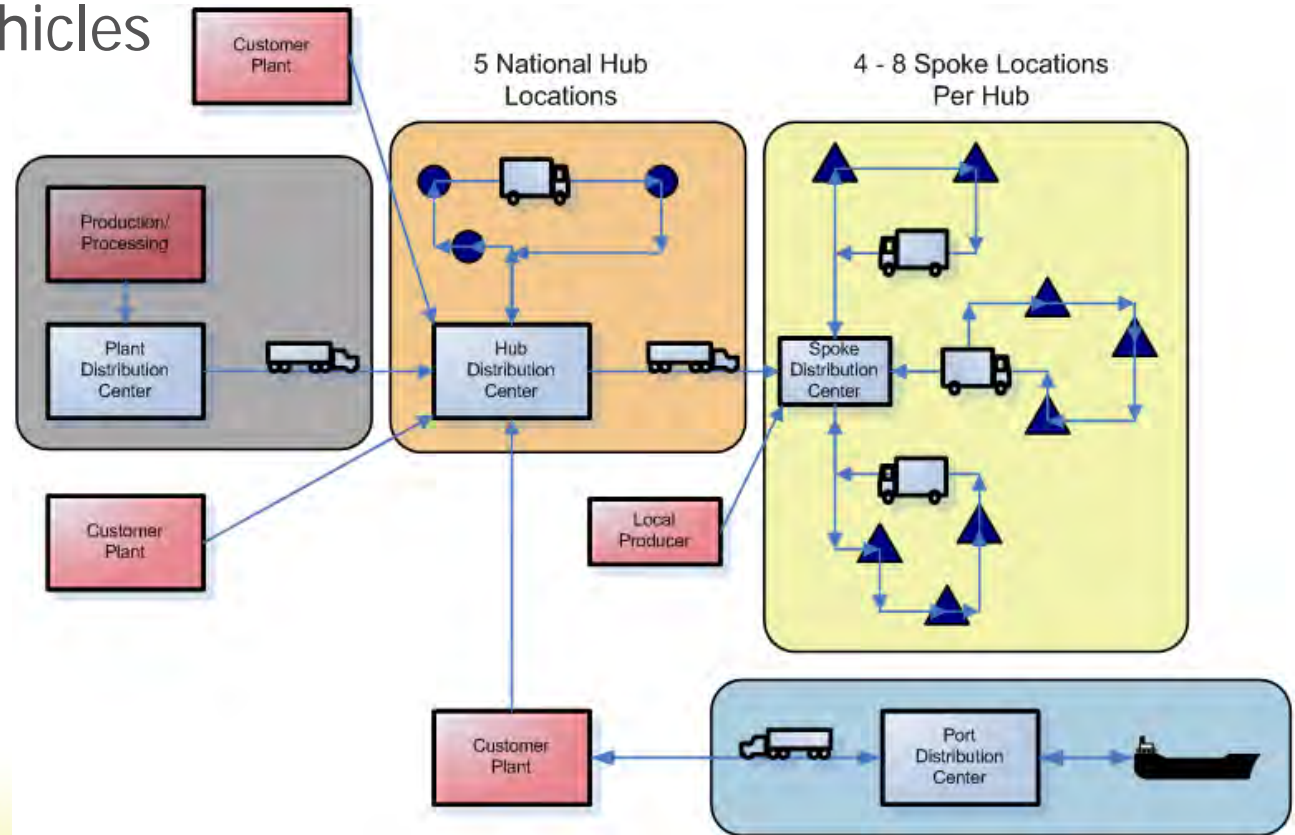


Current China Network

- 11 distribution centers in operation across China (including Hong Kong)
- 160+ reefer vehicles

Our goal is to build a national hub and spoke cold chain network using the following facility types:

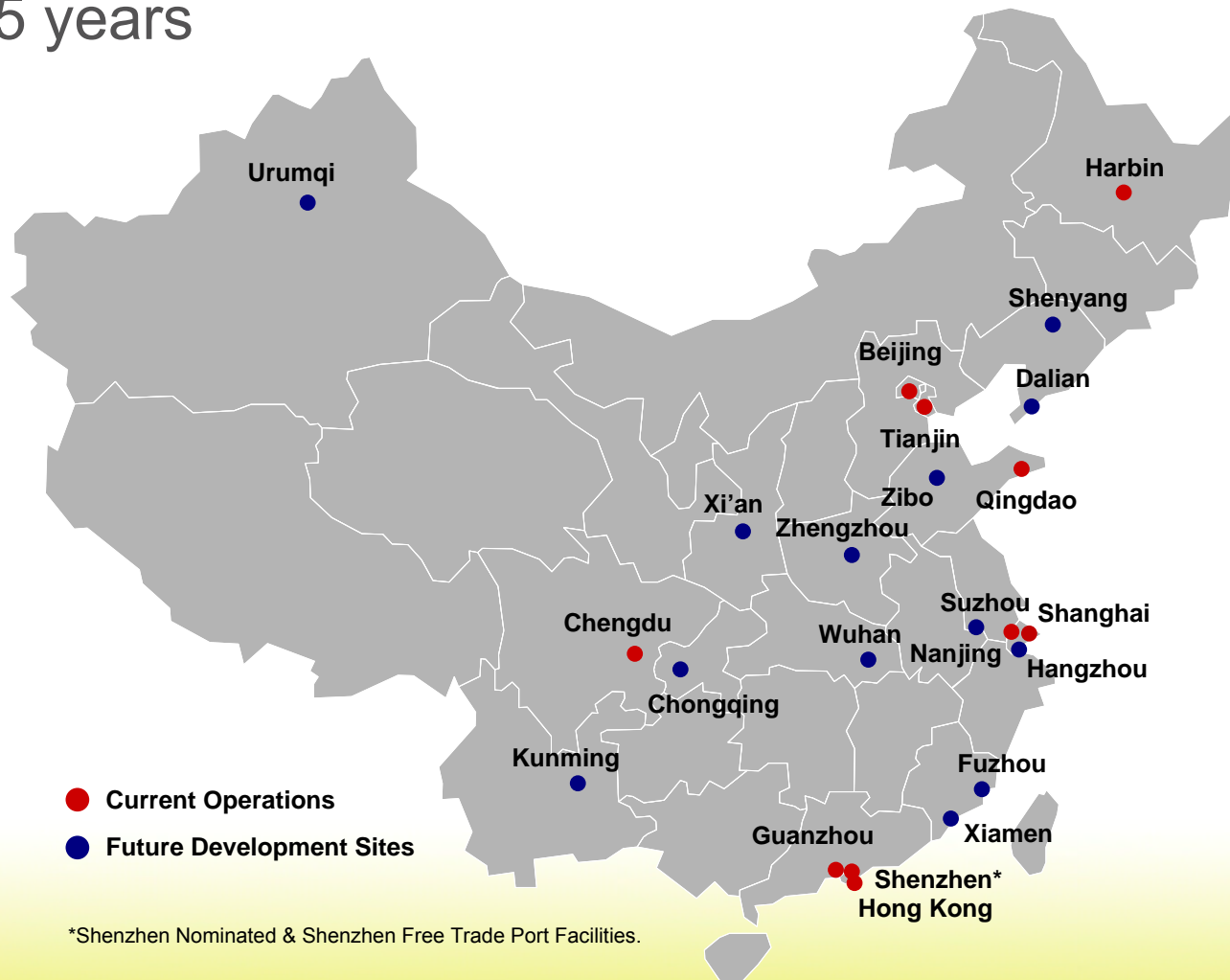
1. Plant-attached
2. Port-based
3. Hub Consolidation
4. Spoke Crossdock



China Network by 2017



- Nationwide network of over 25 distribution sites over the next 5 years



Trade Support, Financing & Other Supply Chain Services



Trade Supporting Service

- Trade matching and tracking
- Transaction platform
- Channel management
- Retailing in warehouse

Supply Chain Financing Service

- Prepaying Customs Tax for Customer
- Credit Support
- Financing Products Agency
- Financing Service For VIP Customers

Public Service

- Information Dissemination
- Public Knowledge Promotion
- Industrial Standard Implementation
- Enterprise Credit Appraisal

Reflections on our first 2 years



- Very fragmented; intensive competition
- Everyone is cost sensitive
- Highly dynamic market – high growth
- Flexibility and agility – be prepared for change
- Continuous strategic assessment
- Manage priorities



Thank you!

