

IKON
COMMODITIES

**Australian Wheat
Comeback**



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Who is IKON



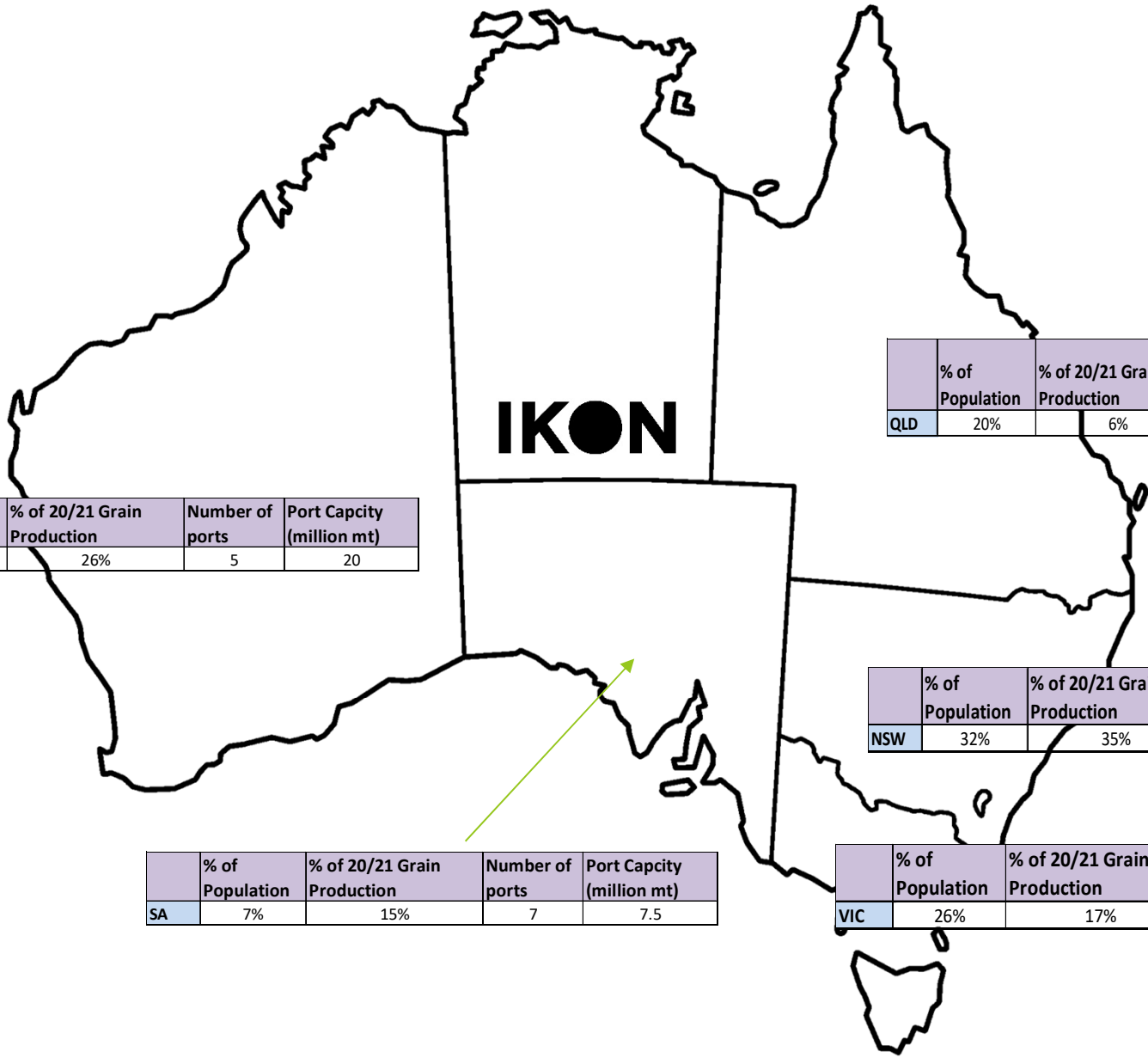
- Futures brokering
- Physical cash brokering
- Track, delivered & DCT markets
- Wheat, barley, canola, sorghum, cottonseed, faba beans, chick peas etc.

- Detailed & tailored risk management plans
- Ongoing and comprehensive trading advice
- General education and 'up-skilling'
- Business/corporate strategy.

- Facilitating and managing investment
- Detailed scoping study work to justify M&A activity
- Building a long only wheat fund

Australia at a glance

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	% of Population	% of 20/21 Grain Production	Number of ports	Port Capacity (million mt)
WA	10%	26%	5	20

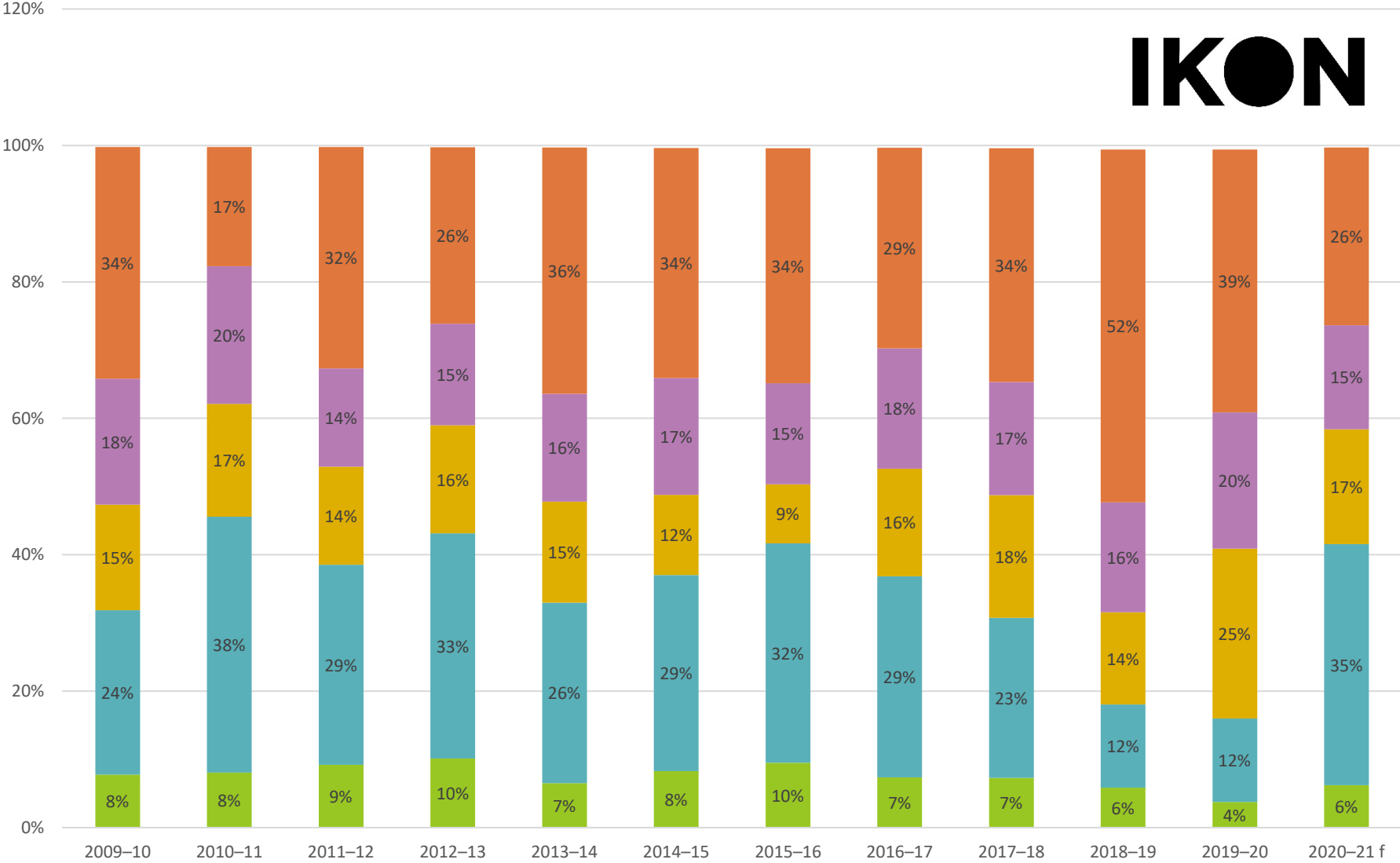
	% of Population	% of 20/21 Grain Production	Number of ports	Port Capacity (million mt)
QLD	20%	6%	4	4.3

	% of Population	% of 20/21 Grain Production	Number of ports	Port Capacity (million mt)
NSW	32%	35%	5	11.5

	% of Population	% of 20/21 Grain Production	Number of ports	Port Capacity (million mt)
SA	7%	15%	7	7.5

	% of Population	% of 20/21 Grain Production	Number of ports	Port Capacity (million mt)
VIC	26%	17%	4	7.5

Where is Australian grain produced?



Source: ABARES

■ QLD ■ NSW ■ VIC ■ SA ■ WA

Australia Grains industry since deregulation in 2007



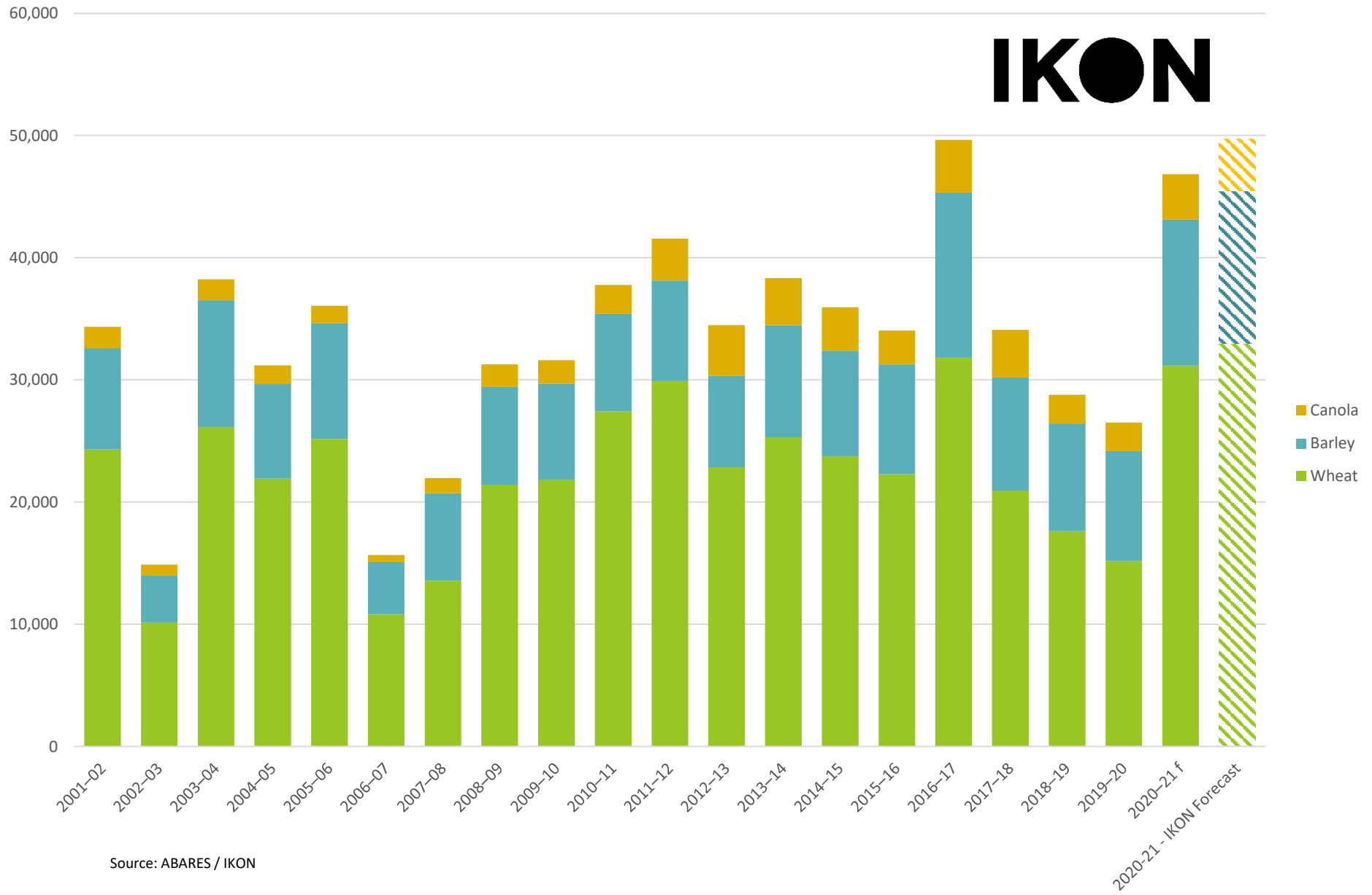
- Significant investment in infrastructure:
 - 5+ new ports added to Australia
 - At least 4-6 million mt of new storage has been built on farm and by other commercial operators - tax incentive for farmers
 - Storage and port utilisation low – even before new entrants
 - Bigger and better trains – (initially most trains were on TOP deals)
 - Harvesters bigger now – more pressure at peak
- Teething problems around allocation of resources (port allocation, Take or Pay train deals and the like)
- Supply Chain efficiency race – bigger and better trains, faster outloading
- Market Share battle last 5 years has been particularly horrendous for the industry as a whole

Australia Grains Outlook



- Coming from 2-3 years of drought (to the point where we have had to import grain on the East Coast)
- ABARES show an average winter crop (mainly wheat, barley, canola) since 2010 of just over 41 million mt and for the East Coast of Australia an average winter crop of just over 19 million mt
- In their latest estimate from December ABARES had total winter crop of just over 51 million mt and East Coast winter crop of just over 28 million mt
- IKON's current estimate is 2 million mt above ABARES and could be revised up even higher. Worth noting that in 16/17 ABARES added 4 million mt to the final crop and almost 2 million mt to their East Coast crop from the Dec to the Feb estimate

Historical Australian Crop of Wheat/Barley/Canola in '000 mt

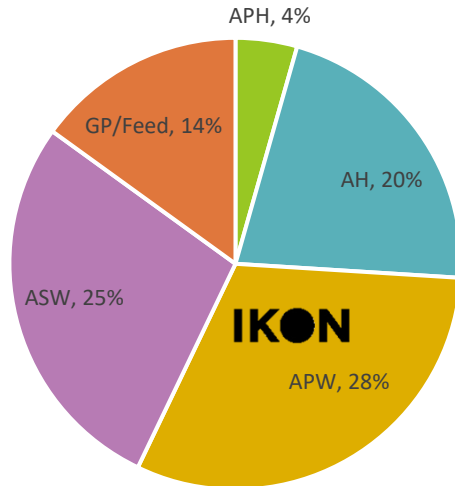


Source: ABARES / IKON

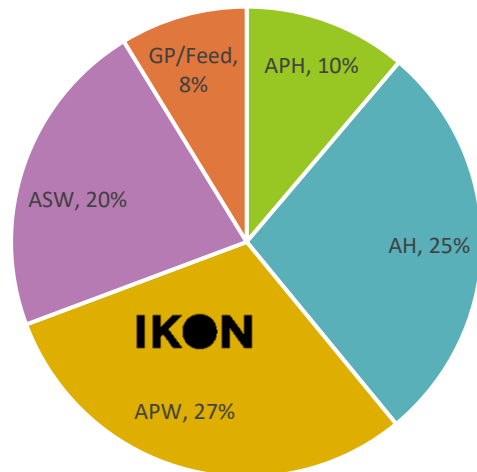
Australian wheat quality 20/21



10Y Average

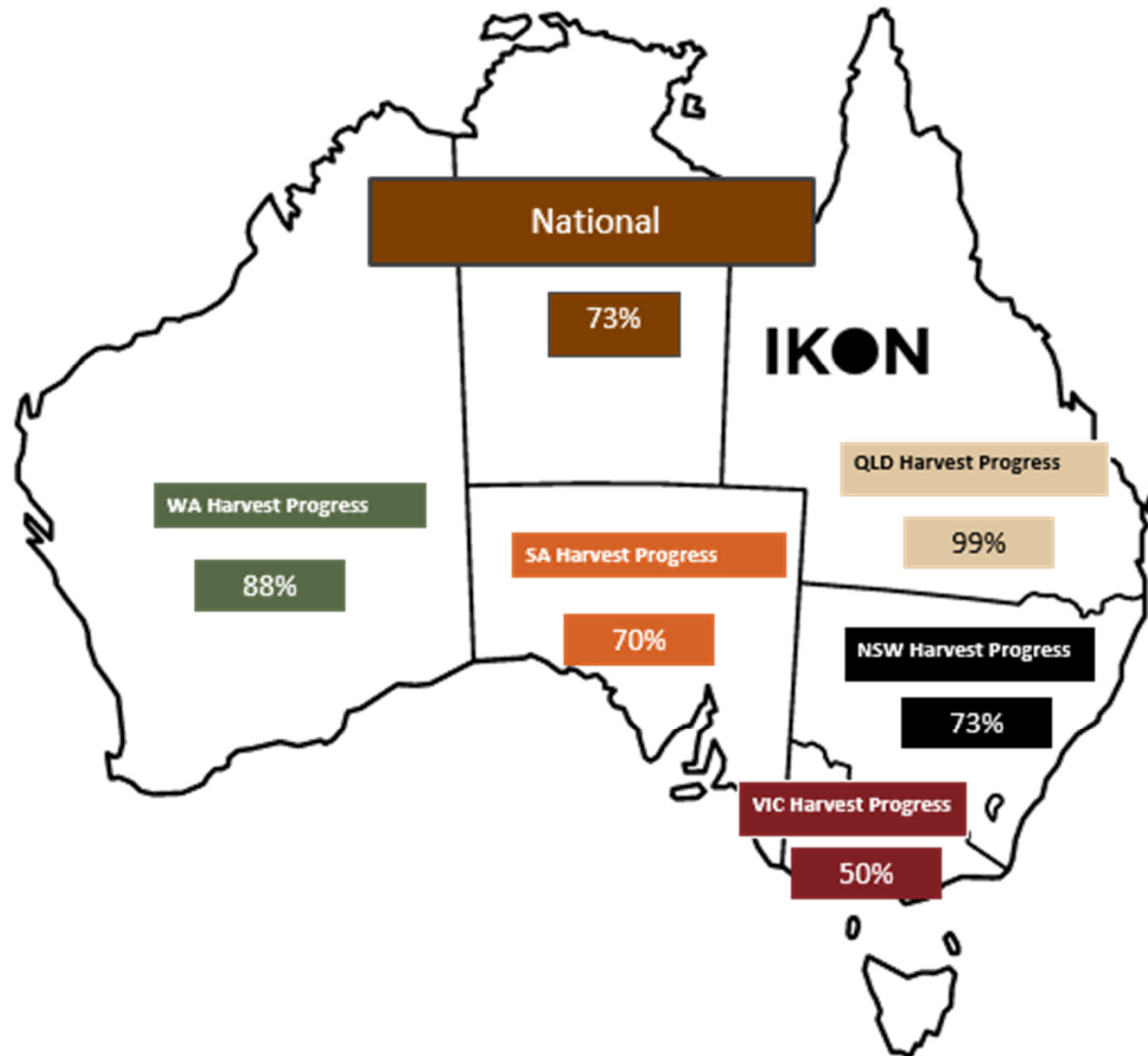


2020/21



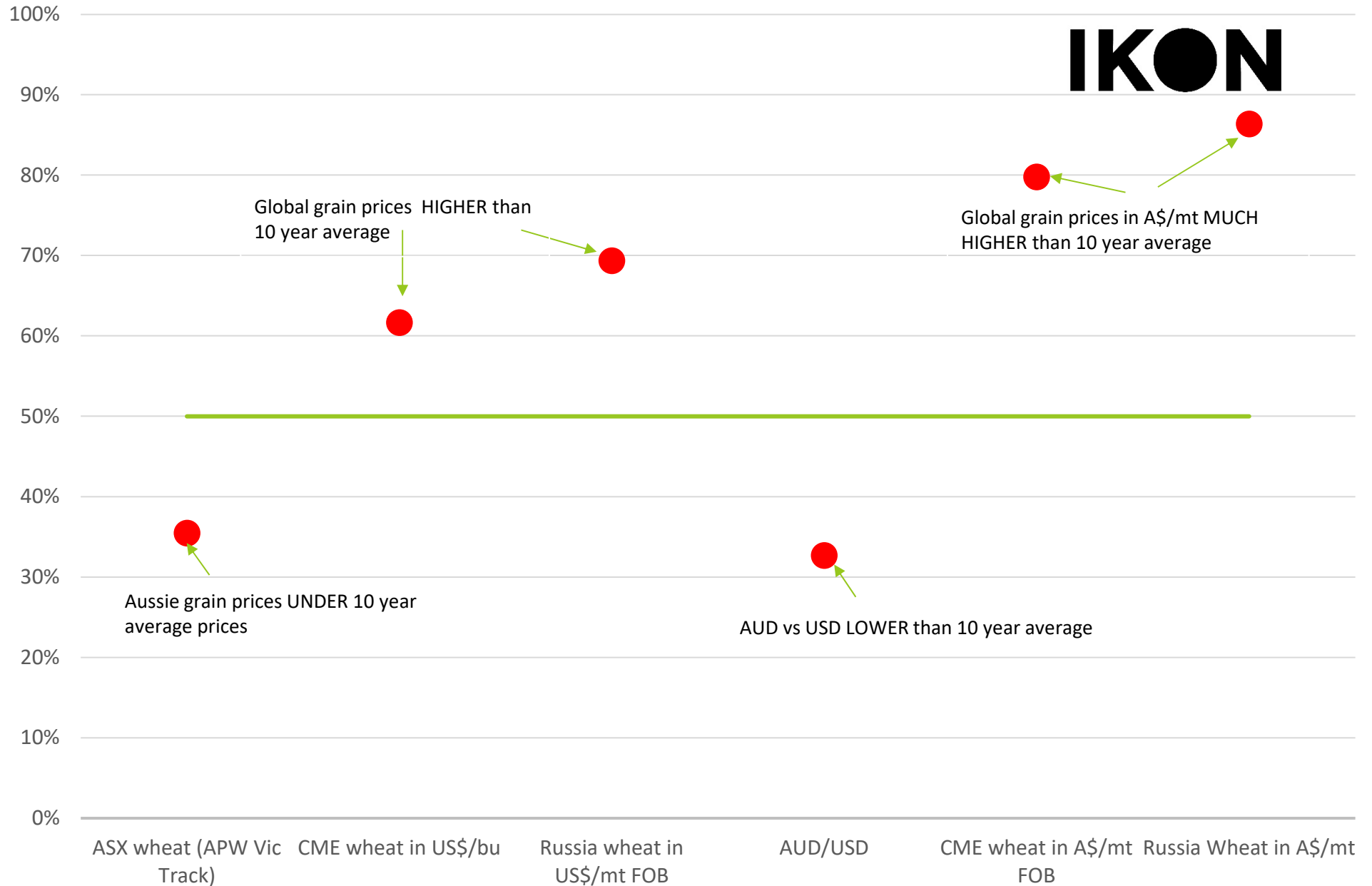
Australian wheat grades and comparable competitor country grades or wheat classes.			
Australia	United States	Canada	Other
Prime Hard	Hard Red Spring Dark Northern Spring	Canada Western Red Spring 13.5% Canada Western Hard White Spring	
Hard	Hard Red Winter 11.5% Hard White Wheat	Canada Western Hard White Spring Canada Prairie Spring White Canada Prairie Spring Red	Germany Russia
Premium White	Hard Red Winter 10%	Canada Prairie Spring White Canada Prairie Spring Red	Argentina Kazakhstan Ukraine Germany China
Standard White	Soft Red Winter Soft White Wheat		Argentina Kazakhstan Ukraine France China
Soft	Western White		France
Durum	Desert Durum	Canada Western Amber Durum	

Harvest Progress as of today

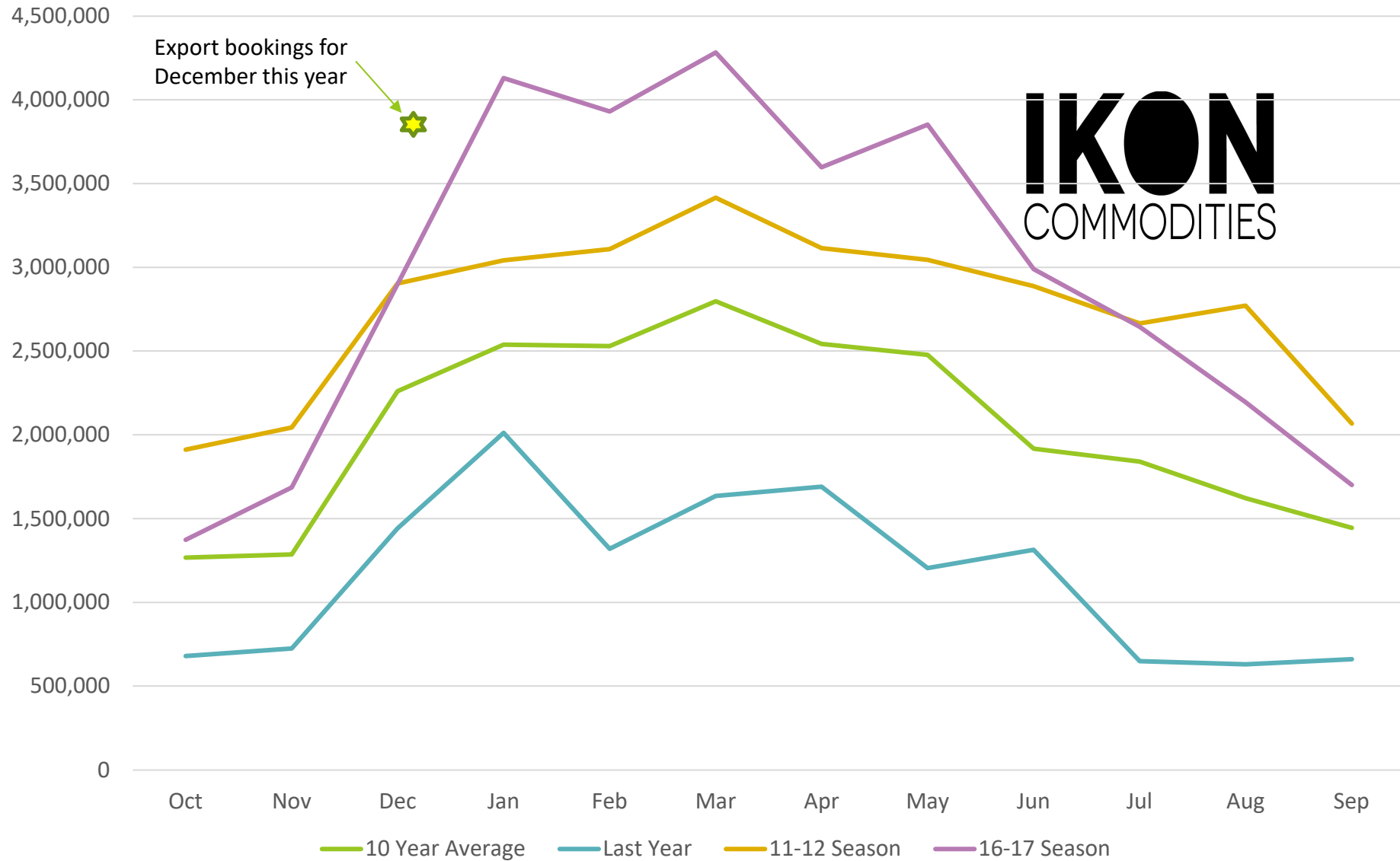


TODAYS PRICE LEVELS (RED DOTS) VS 10 YEAR AVERAGE PRICE LEVELS (GREEN LINE)

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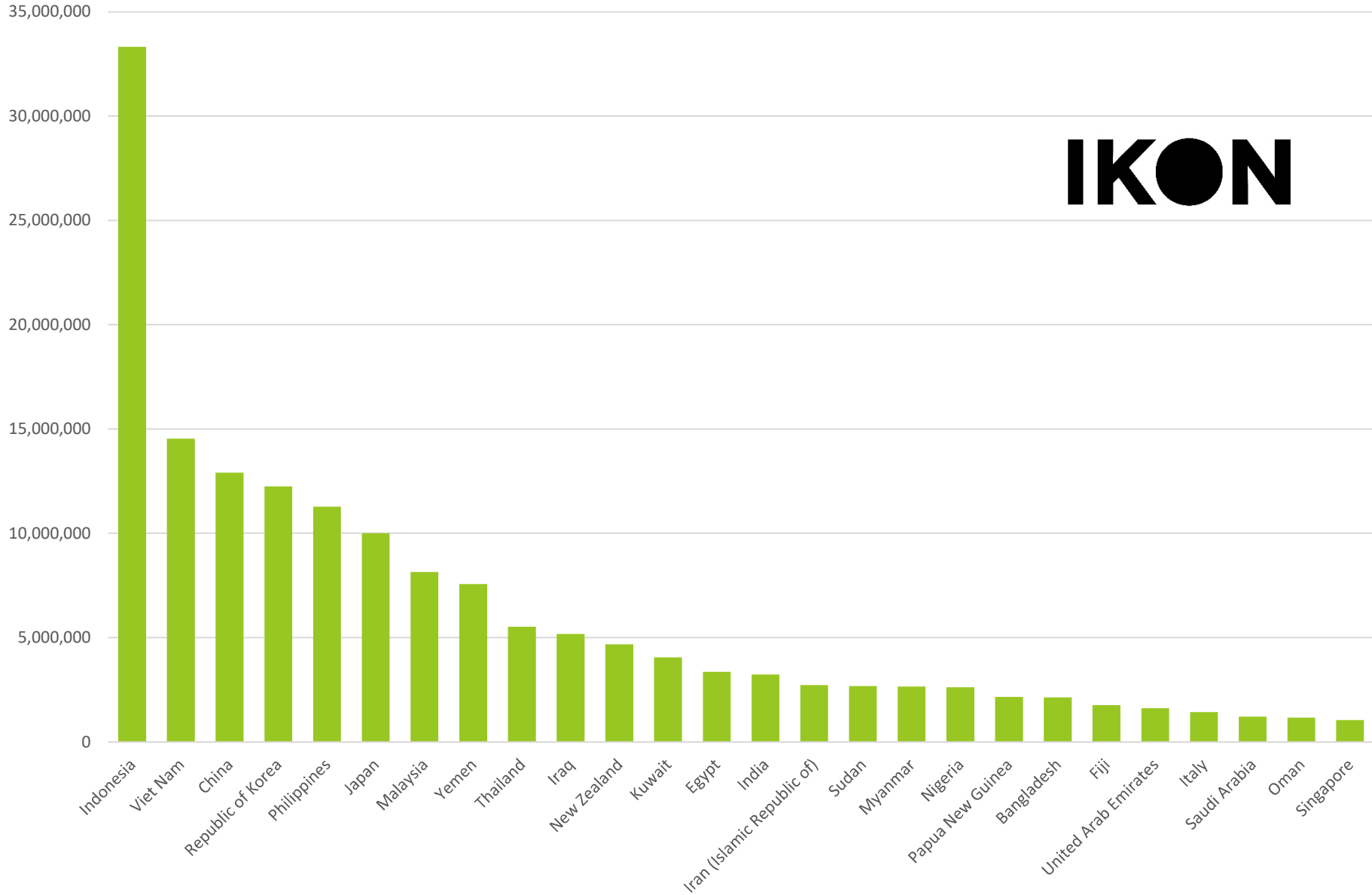


Australia export shipments (Bulk and Containers) of wheat/barley/canola by mth in mt

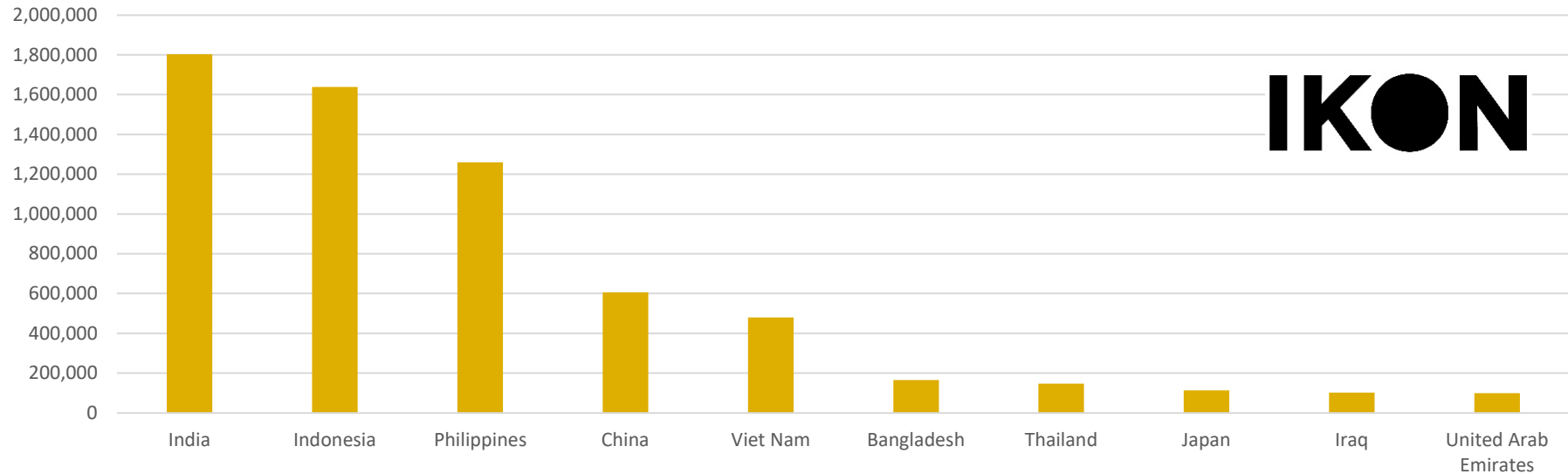


Australia wheat exports over last 10 years (countries that took more than 1 million mt of Aussie wheat)

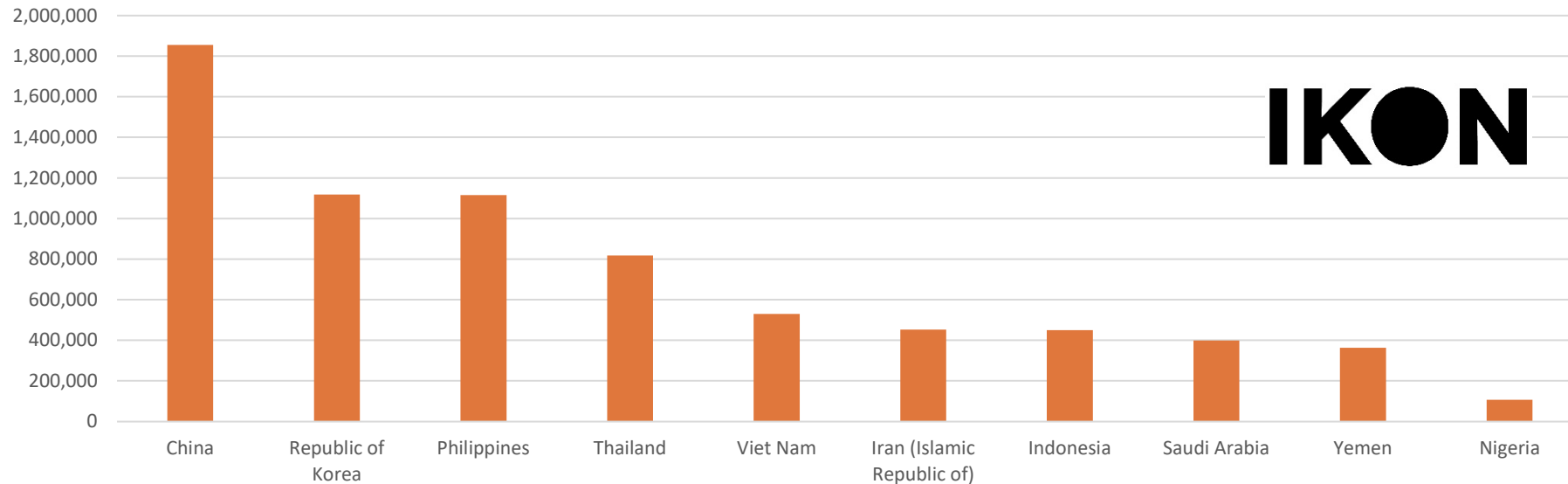
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Biggest additional wheat export from Australia in 16/17 vs 15/16



Biggest additional wheat export from Australia in 11/12 vs 10/11



Source: ABS

What will Australia do without China as a barley buyer



- Aussie barley export had become incredibly China centric prior to AD issues (80%-90% of barley export was for China).
- In 11/12 Australia exported close to 6 million mt of barley – less than 2 million mt of which went to China
- In 16/17 Australia exported just over 6 million mt of barley – vast majority of which went to China
- Australia barley now cheapest in the world – by a long stretch. Replacement values US\$10-US\$15/mt below Black Sea values on a FOB level (and buys extra Asian feed demand vs corn)
- Barley export program already in full swing – about 0.8 million mt scheduled for Nov/Dec shipments
- Likely destinations for 6 million mt of export barley (if China is ZERO):
 - Saudi = 2-3 million mt
 - Japan = 1.1 million mt
 - Thailand = 1.1 million mt
 - Other Asia = 0.6 million mt (Vietnam, Korea, Philippines, Taiwan)
 - Other Middle East = 0.5 million mt (UAE, Qatar)
 - India – more of a longer term prospect, despite high expectations

