

NEDSPICE

PEPPER CROP REPORT



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VIPO 2025, Ho Chi Minh City

March 4, 2025

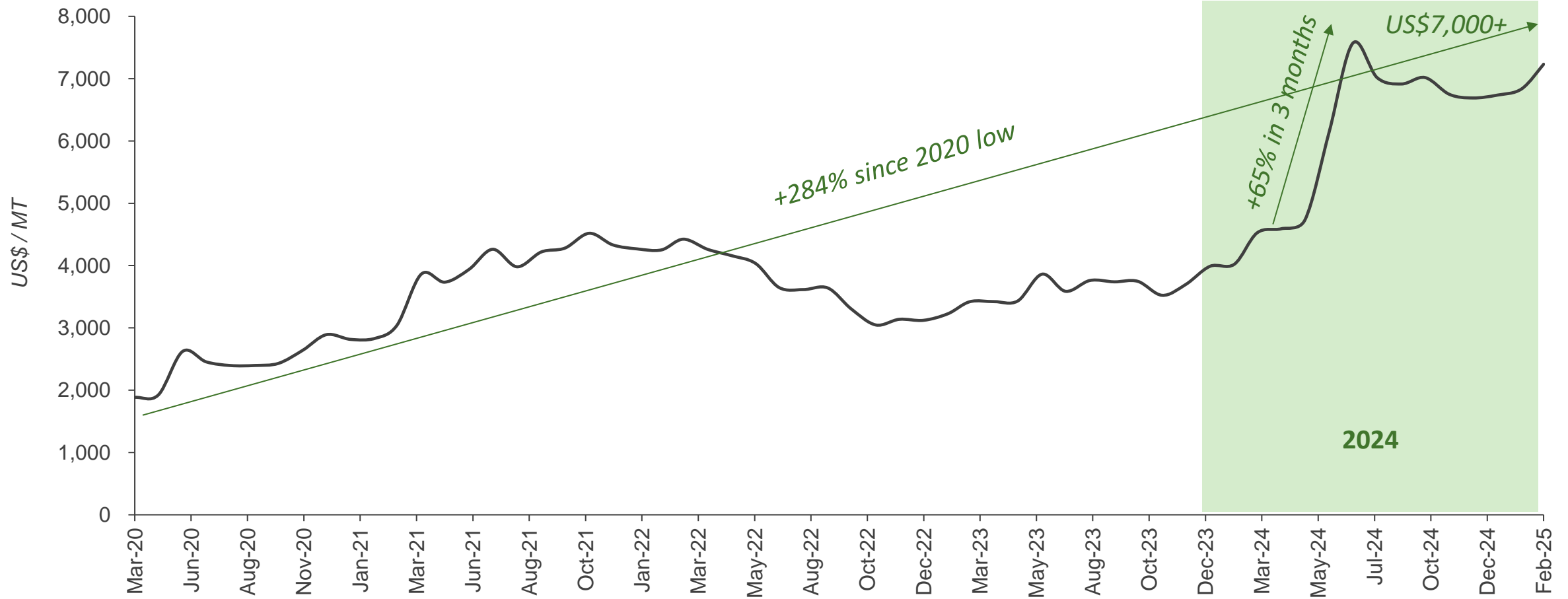
**VIPO
2025**



Setting the scene: 2024 was an exciting year!

PRICES INCREASED ALMOST 3-FOLD SINCE THE START OF THE CYCLE, BUT ARE WE THERE YET?

Black pepper FOB (US\$/ Mt)¹



1) Market price as per 26-Feb-2025. Average of Vietnam, Indonesia and Brazil ASTA quality.
Source: Nedspice research.

Agenda

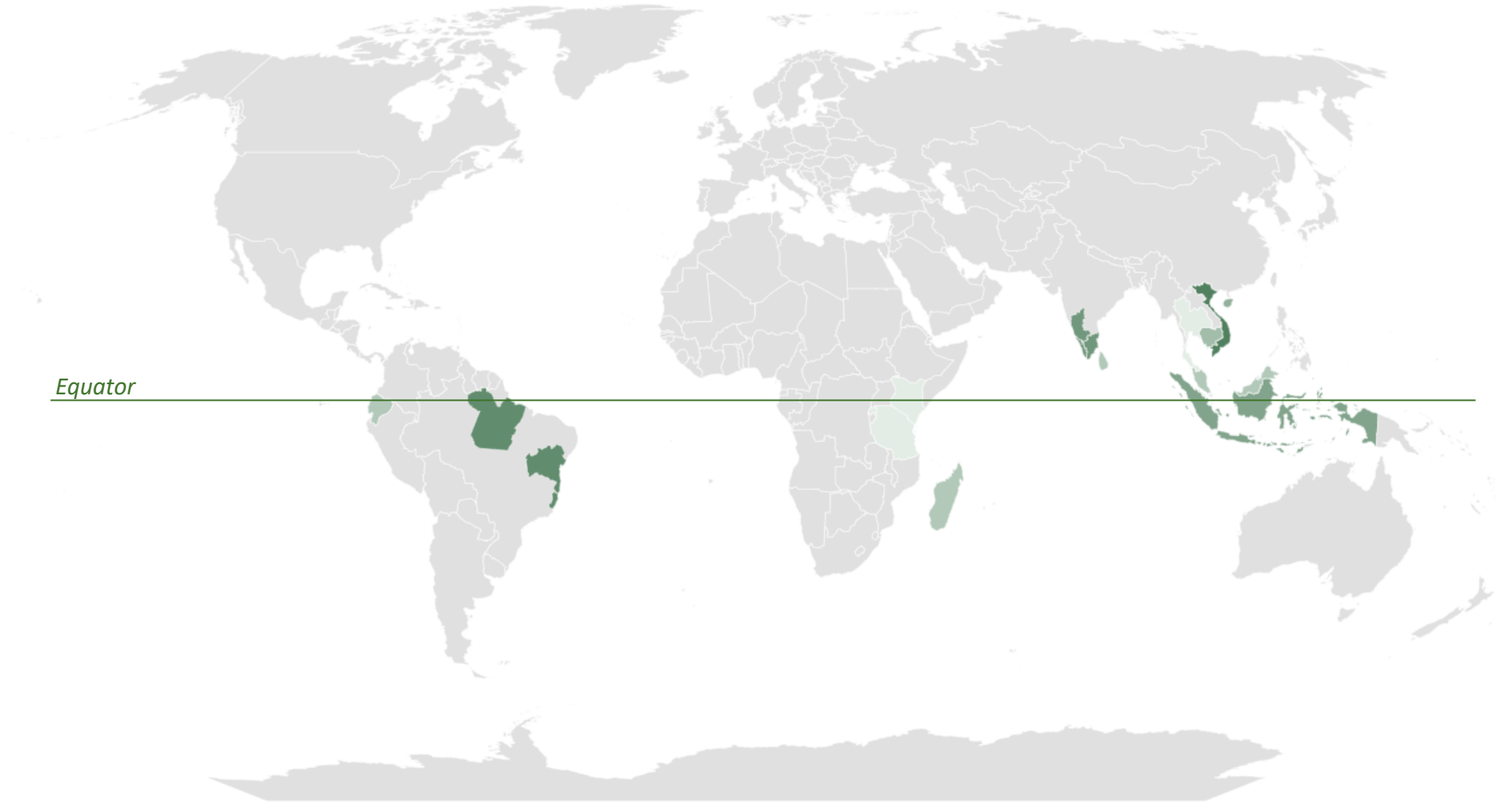
- 01 Fundamentals: Global Supply & Demand
- 02 Market outlook & other considerations
- 03 Concluding remarks
- 04 Questions

Fundamentals

Global Supply & Demand

Key Pepper Growing Regions

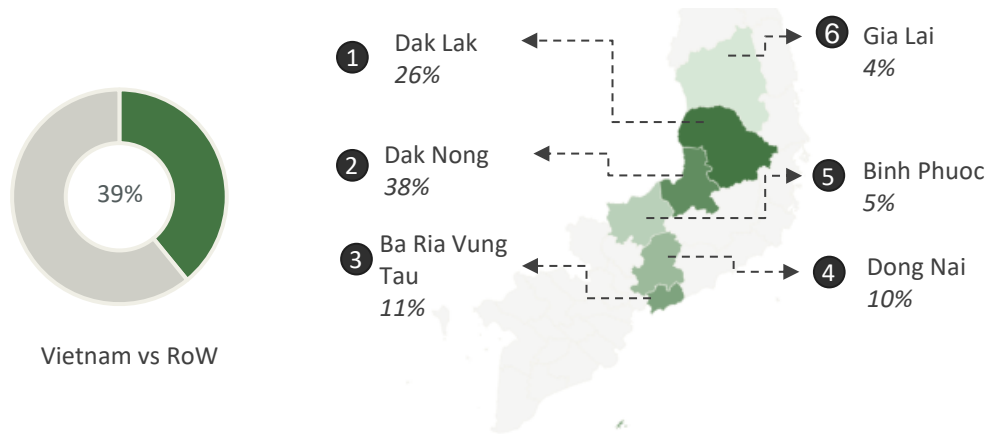
Others
Malaysia
Sri Lanka
Cambodia
China
Indonesia
India
Brazil
Vietnam



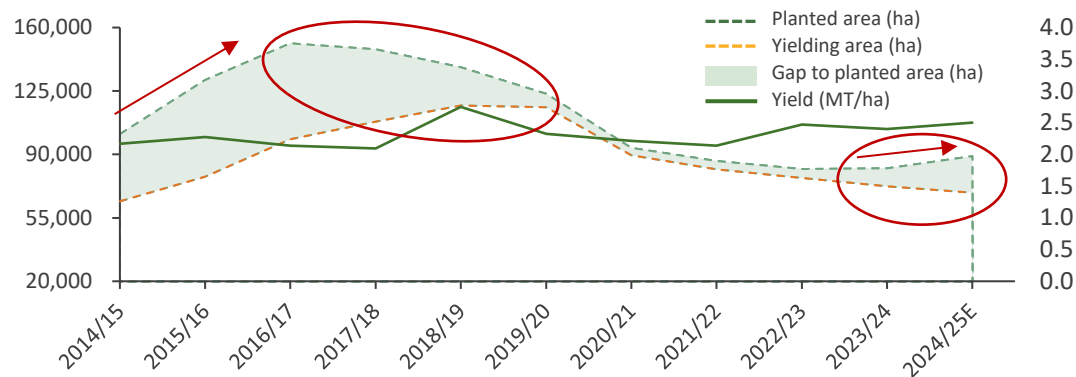
Vietnam

THE LARGEST PRODUCER AND EXPORTER OF BLACK AND WHITE PEPPER; STILL LIMITED NEW PLANTINGS

#1 origin, with production concentrated in the highlands¹

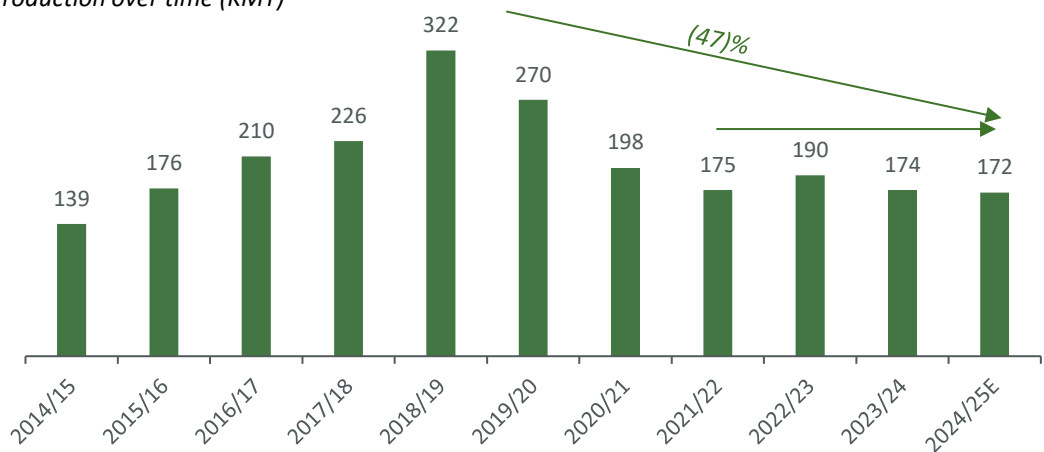


Slow increase in planted areas and yielding area declines, but yields keep up



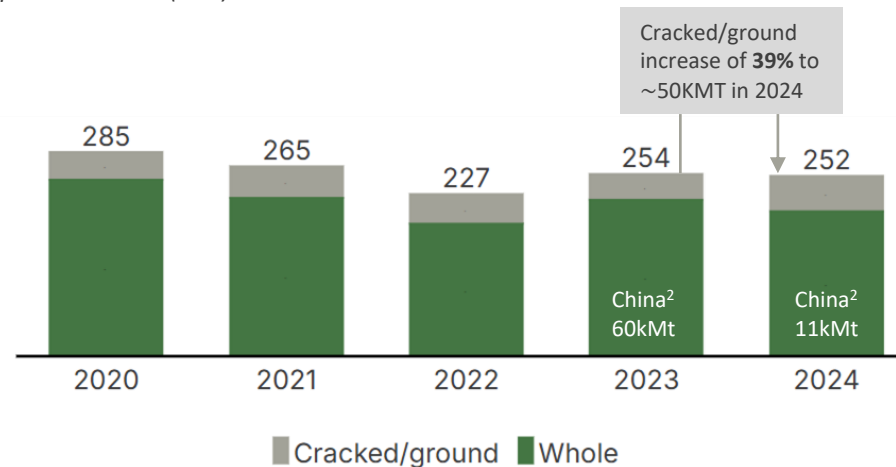
2025 estimate @172kMt, some 50% of the peak in 2019

Production over time (KMT)



Exports remain well above production; '24 exports to China low, US/EU high

Exports over time (kMt)



Cracked/ground Whole

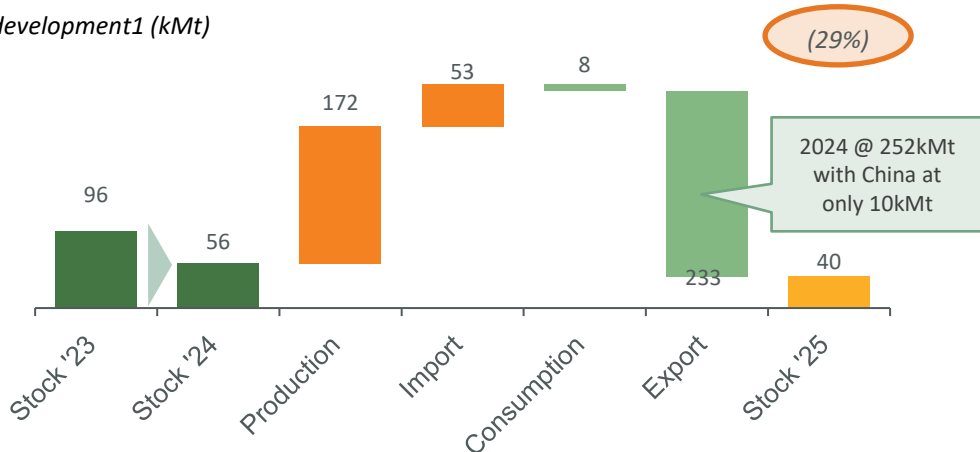
1) Based on 2024 production estimates. 2) VPSA data. Source: Nedspice research.

Vietnam

2025 CROP SIMILAR TO 2024, MAKING IT DIFFICULT TO MEET EXPORT DEMAND WITHOUT SIGNIFICANT IMPORTS

Export capacity under pressure as stock levels decline; more import forecasted

Stock development¹ (kMt)

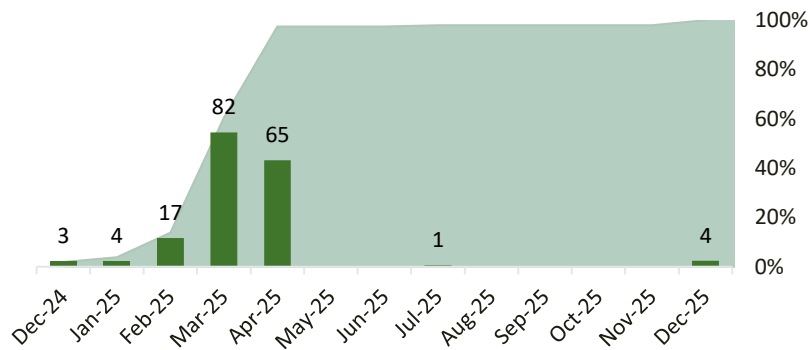


Replanting and new planting as 'optimization of available land', limited new farms



Harvest schedule (kMt)

- Majority will be harvested March – April, slightly late



Yields vary substantially between areas. Generally, sustainable farms do well.



Note: Based on 2024/25 production estimates.

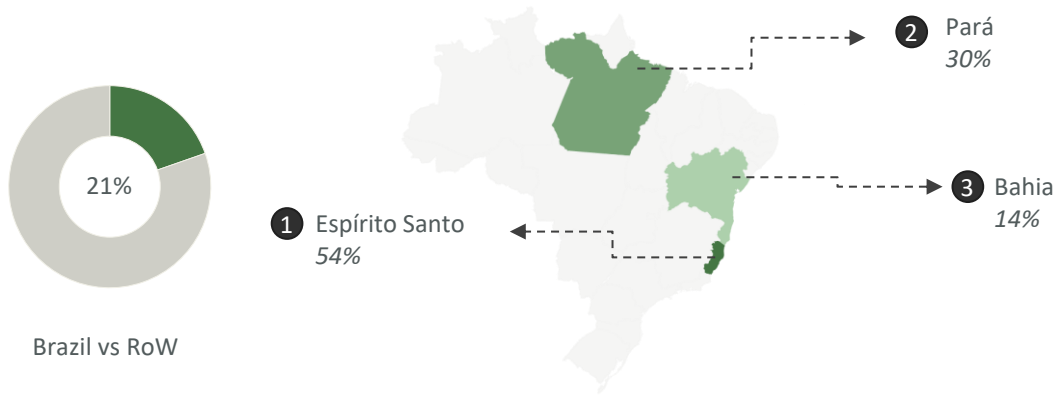
1) As per end of December.

Source: Nedspice research.

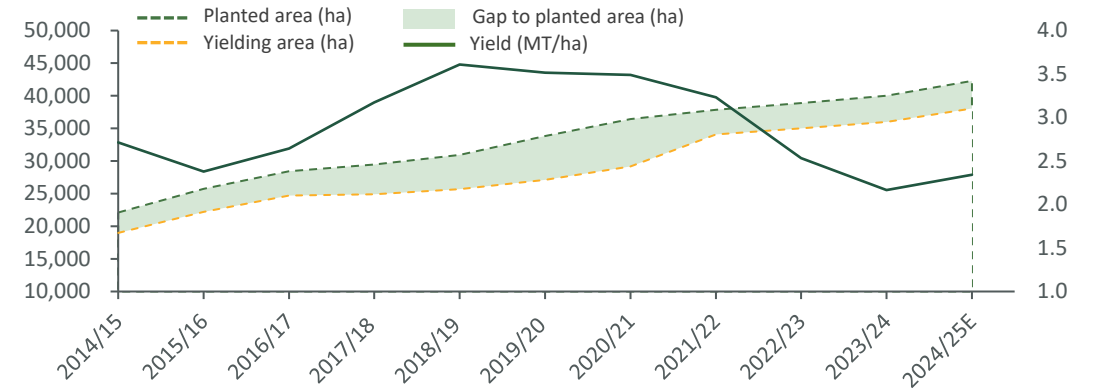
Brazil

CROP VOLUME AFFECTED BY ADVERSE WEATHER IN RECENT YEARS, BUT POTENTIAL IS THERE

Southern areas represent ~70% of the total crop¹

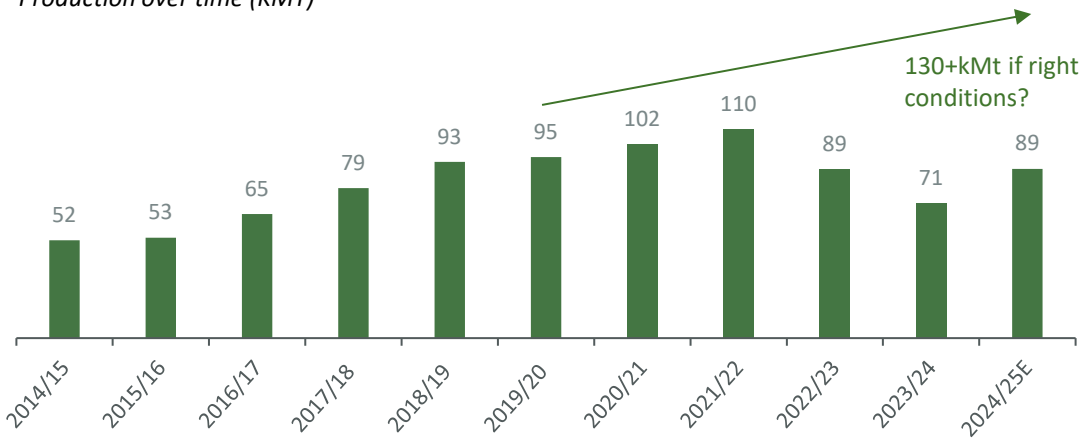


Brazil continued to expand throughout the cycle, but heat & drought impact yield

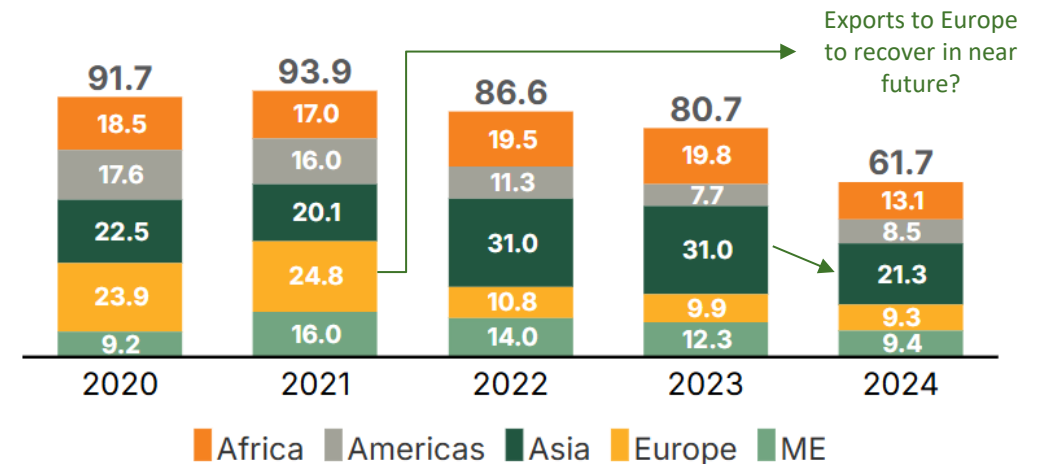


Potential to release global pressure, but weather remains unsupportive

Production over time (KMT)



Exports are down 15% over 2024, especially to Asia and Africa

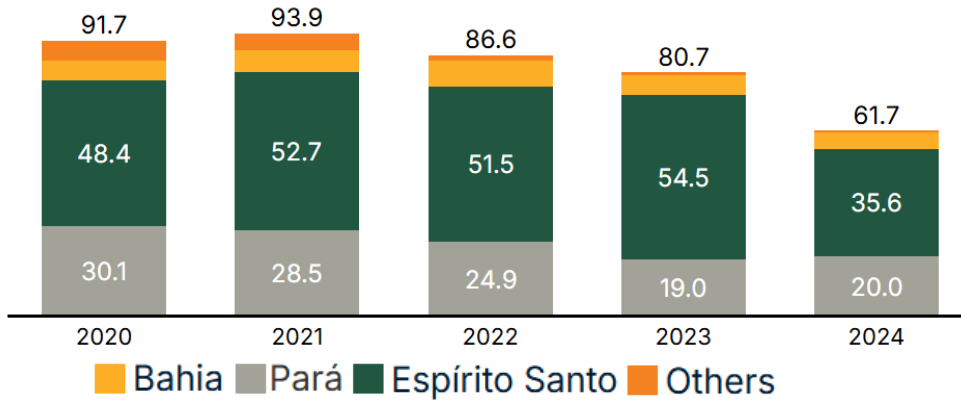


1) Based on 2024 production estimates. Source: Nedspice research.

Brazil

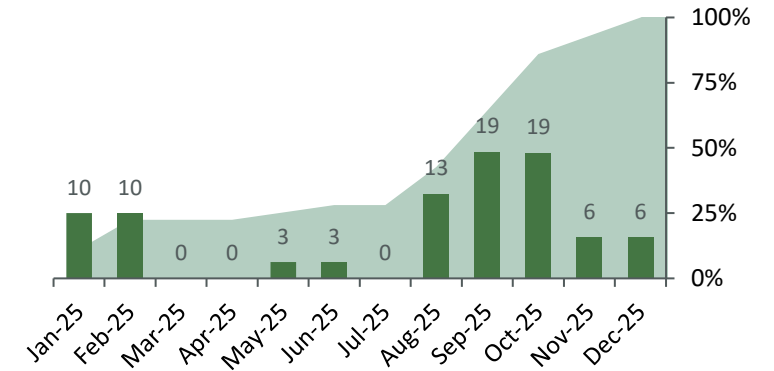
PRODUCTION & CARRY-OVER ALLOWS FOR HIGHER EXPORTS, BUFFERING SHORTAGES ELSEWHERE

Particularly exports ES down in 2024, due to lower and delayed harvest there



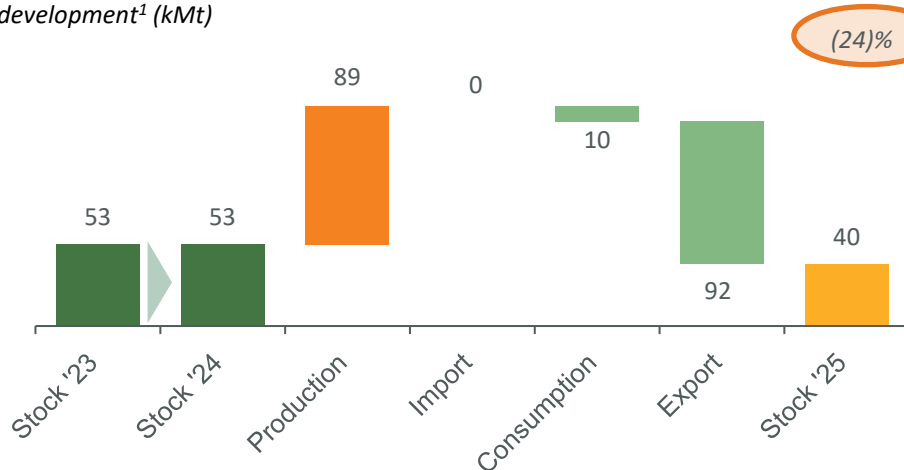
Harvest schedule (kMt)

- The harvest season shifts YoY in Espírito Santo. The '24 crop was delayed; a large chunk is harvested Jan-Feb '25.
- Cycles are spread across the year; the majority is harvested in Aug-Oct.



Production & carry-over allows for higher exports, buffering shortages elsewhere

Stock development¹ (kMt)



Production practices in Brazil are different from other origins, more intensive

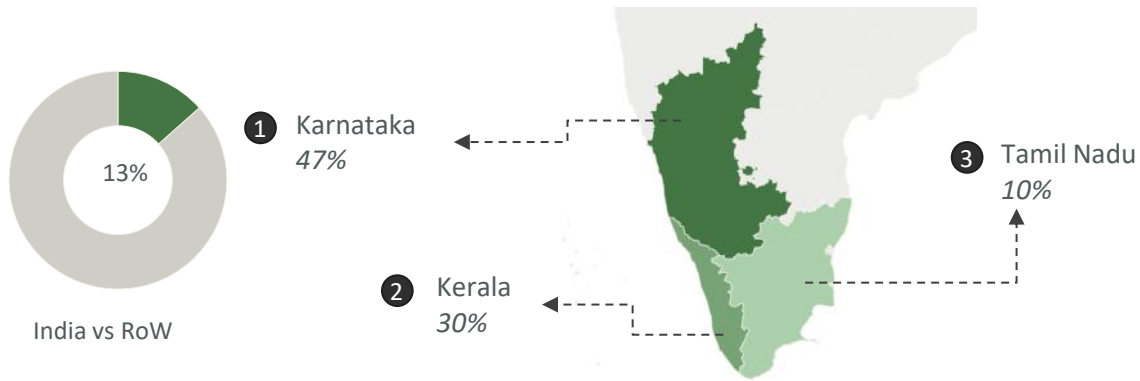


Note: Based on 2025 production estimates.
 1) As per end of December.
 Source: Nedspice research.

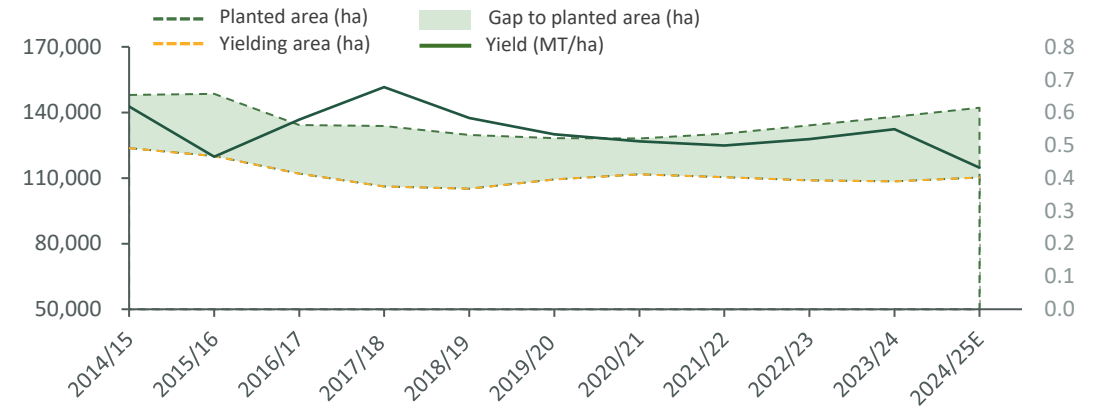
India

2025 CROP IS DELAYED AND SMALLER | EXPECTED LIFETIME OF THE VINES IS > 20 YEARS

Production per key area¹

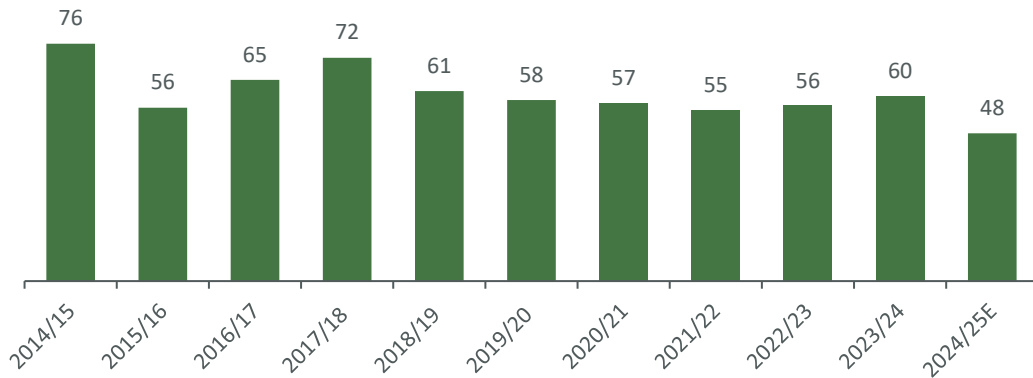


Stable area and yield

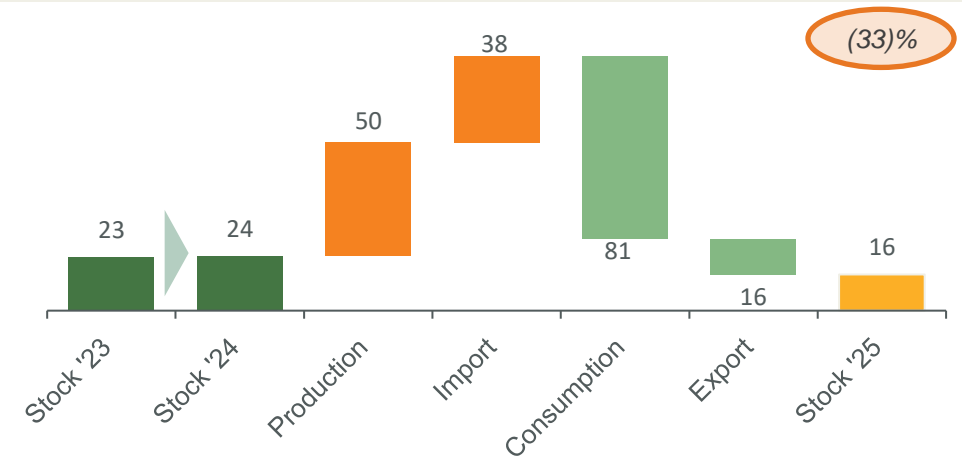


2025 crop is expected to be smaller

Production over time (KMT)



Stock development² (KMT)

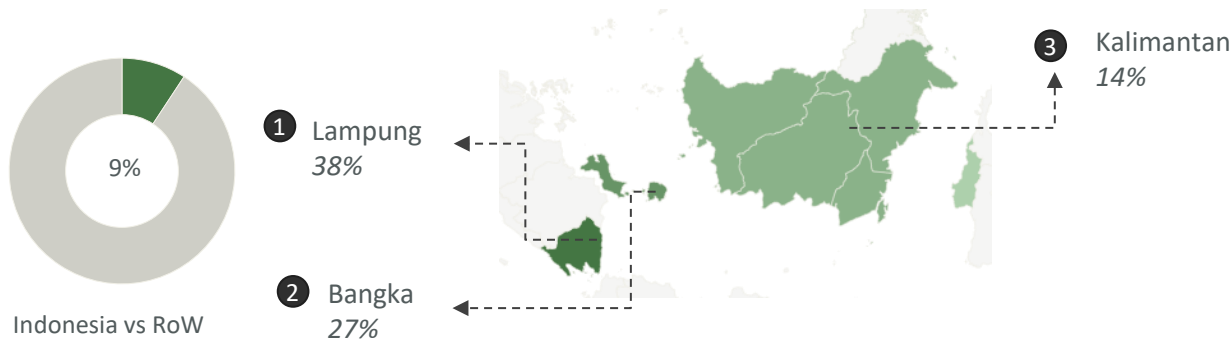


1) Based on 2024 production estimates; 2) calendar year.
Source: Nedspice research.

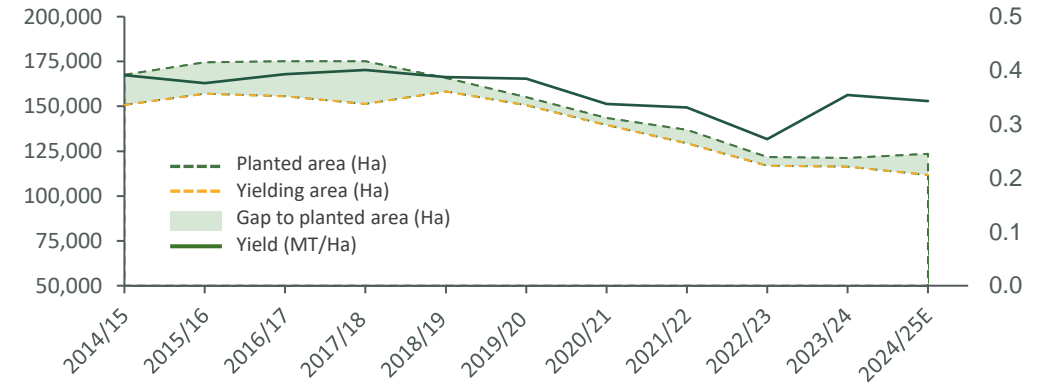
Indonesia

PRODUCTION HAS COME DOWN BETWEEN 2020 – 2023; EXPORTS INCREASED SUBSTANTIALLY IN 2024

Production per key area¹

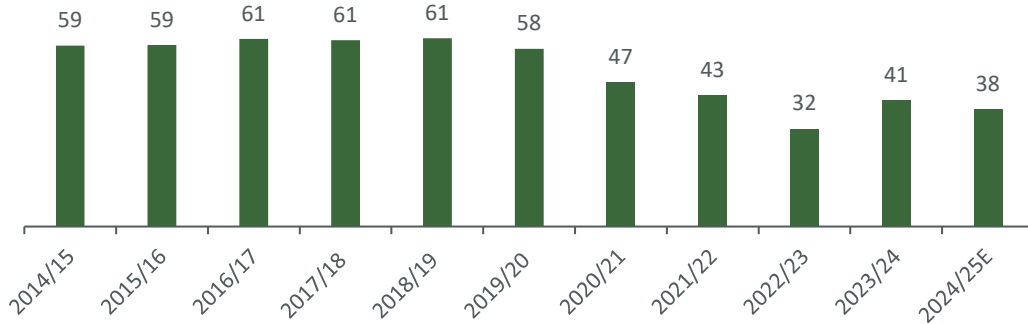


Areas decreased substantially over the years, especially in Banka

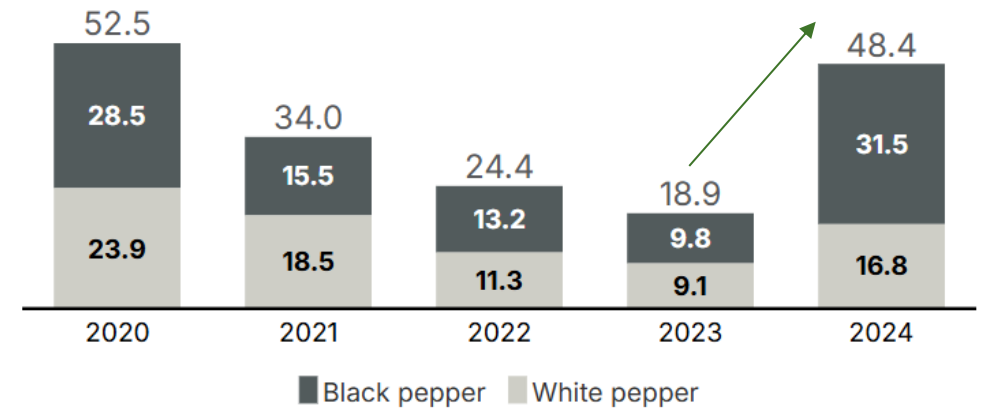


The 2024 crop was good, reversing a downward trend

Production over time (KMT)



Export volumes from Indonesia more than doubled in 2024



Black pepper White pepper

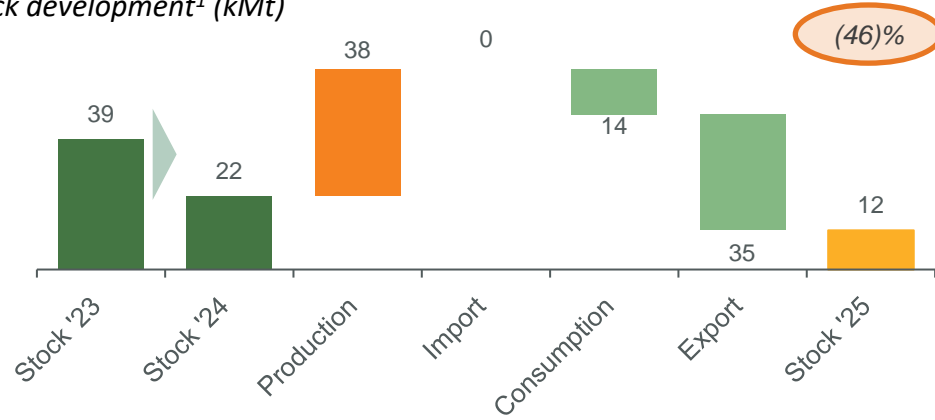
Note: Based on 2024 production estimates.
Source: Nedspice research.

Indonesia

HIGH 2024 EXPORTS FACILITATED BY GOOD YIELDS AND CARRY-OVER STOCKS; A SIMILAR SCENARIO IS PROJECTED FOR 2025.

Stocks are liquidated to support export demand

Stock development¹ (kMt)

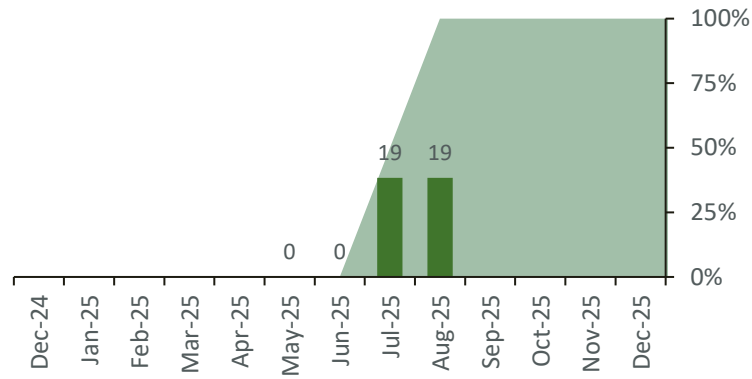


Many pepper vines died between 2021 and 2023



Harvest schedule (kMt)

- 2024 saw a good recovery vs 2023, upcoming year is expected to be another relatively good year for Indonesia.



Crop development 2024/2025 season



Bangka



Lampung

Note: Based on 2024/25 production estimates.

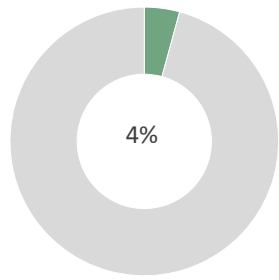
1) As per end of December.

Source: Nedspice research.

China

CHINA PRODUCES ALMOST EXCLUSIVELY WHITE PEPPER, GROWN ON THE SOUTHERN ISLAND OF HAINAN

The largest consuming country in the world



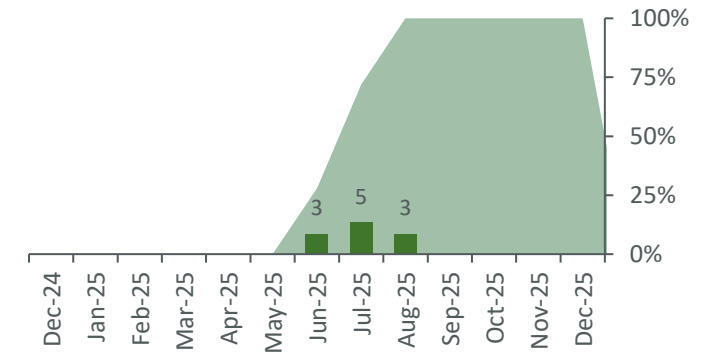
China vs RoW

Hainan
100%
White

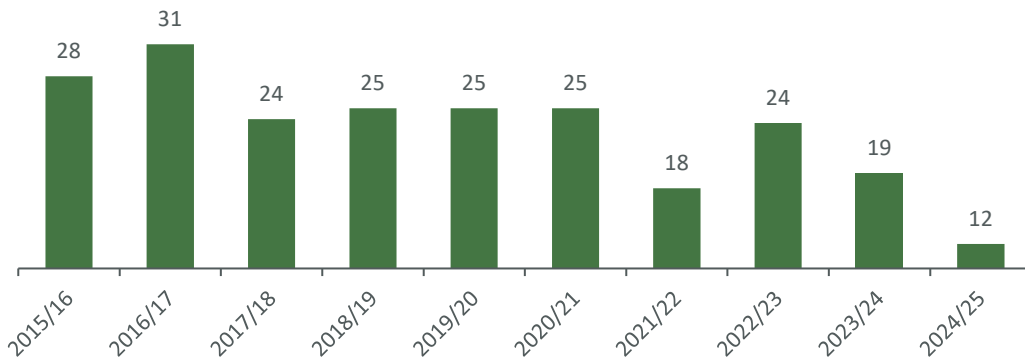


Harvest schedule (kMt)

- Due to typhoon damage, it is expected that the 2025 crop will be smaller again; about 50% of the crop is affected.

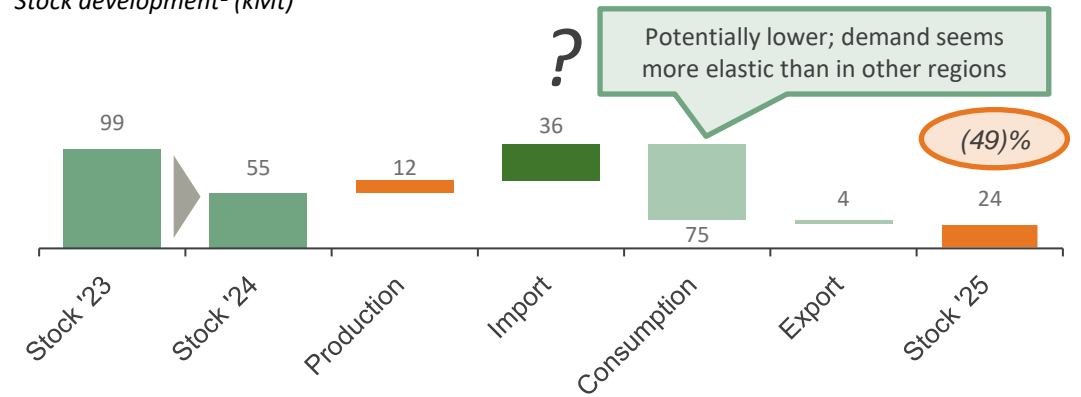


2025 crop is expected to reduce substantially following the typhoon



Stock levels in China reduced significantly; what will happen in '25 is uncertain

Stock development¹ (kMt)

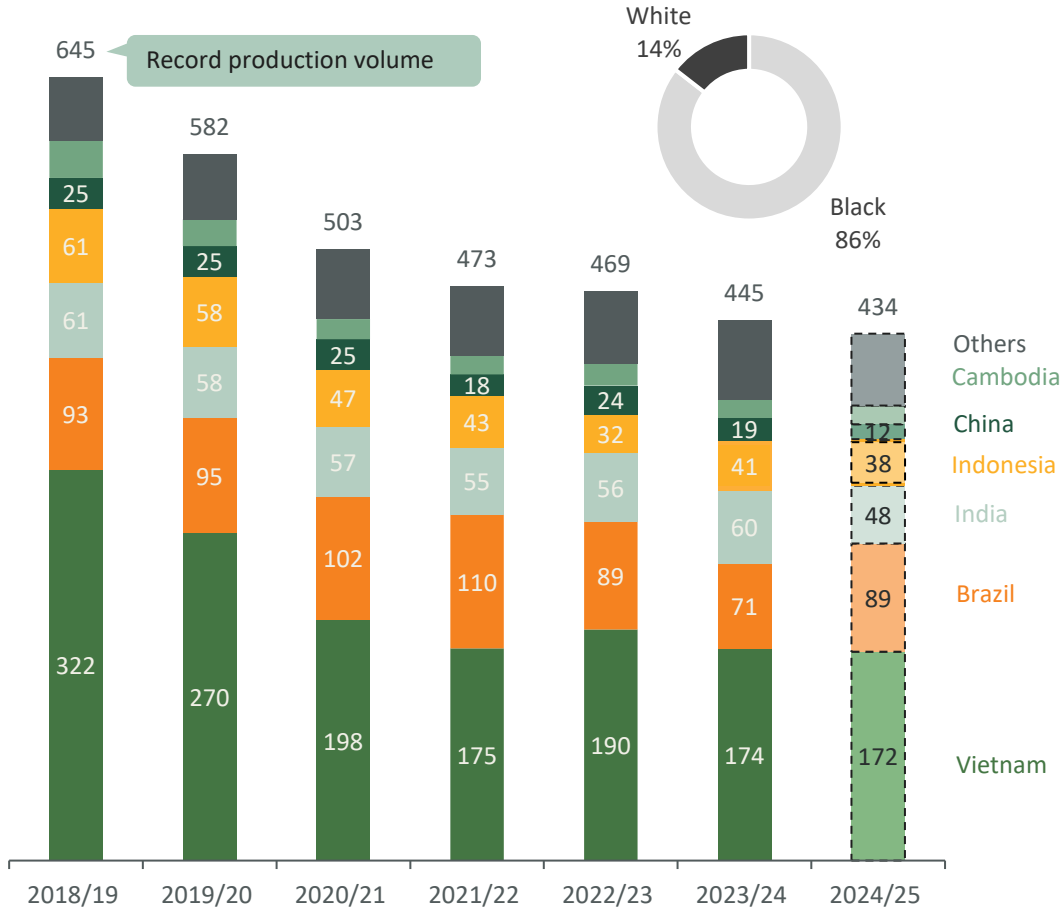


Note: Based on 2024 production estimates.
Source: Nedspice research.

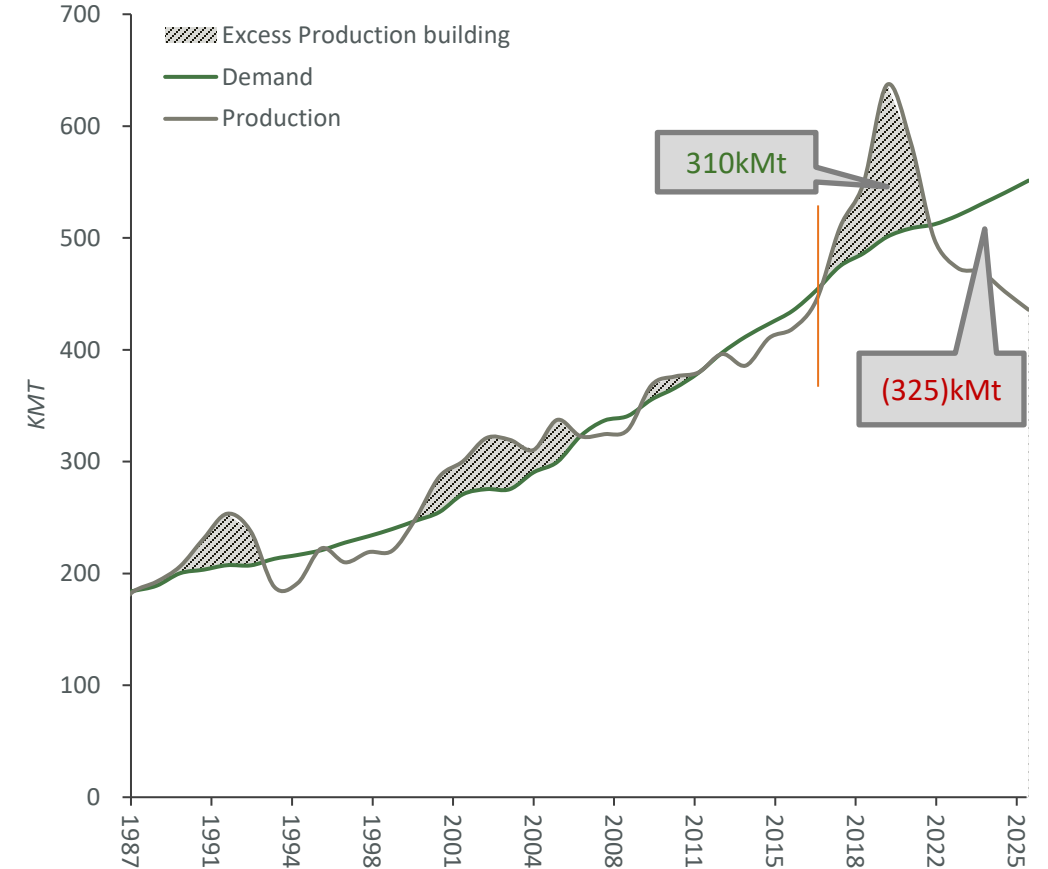
Global production continues downward trend to 434KMT for 2025

VERSUS A GLOBAL DEMAND OF 551KMT, THIS CAUSES GLOBAL STOCKS TO DECREASE FURTHER, ESPECIALLY IN ORIGIN

Global pepper production continues its downward trend (kMt)

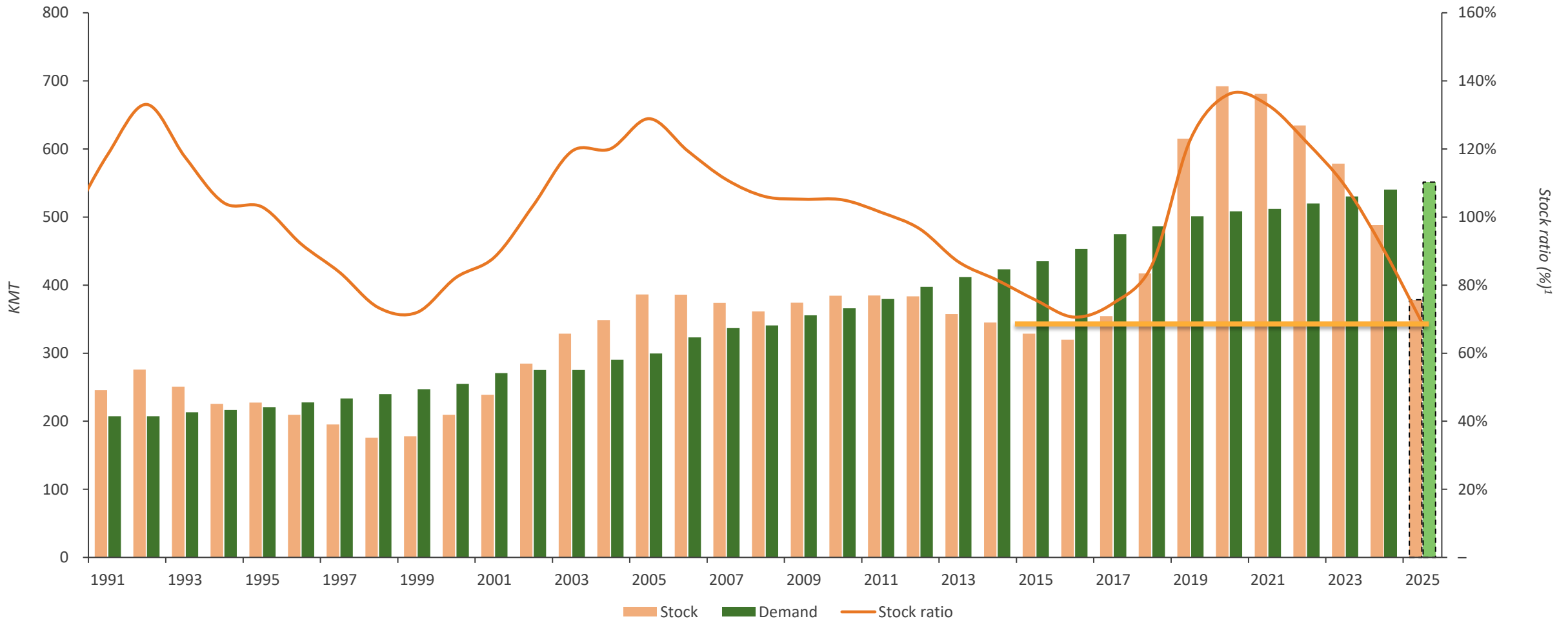


Demand remains resilient, depleting (excess) stock levels (kMt)



Global stocks ratio trends to a new low

STOCK RATIO = GLOBAL STOCKS / DEMAND



1) Market price as per 26-Feb-2025.. Average of Vietnam, Indonesia and Brazil ASTA quality.
Source: Nedspice research.

Market outlook & Other considerations

Although at a high in the current cycle, it's not an all time high yet..

HOWEVER, PERIOD OF LOW PRICES WAS LONGER IN THE PREVIOUS CYCLE: COULD THIS IMPLY A LESS EXTREME SCENARIO NOW?



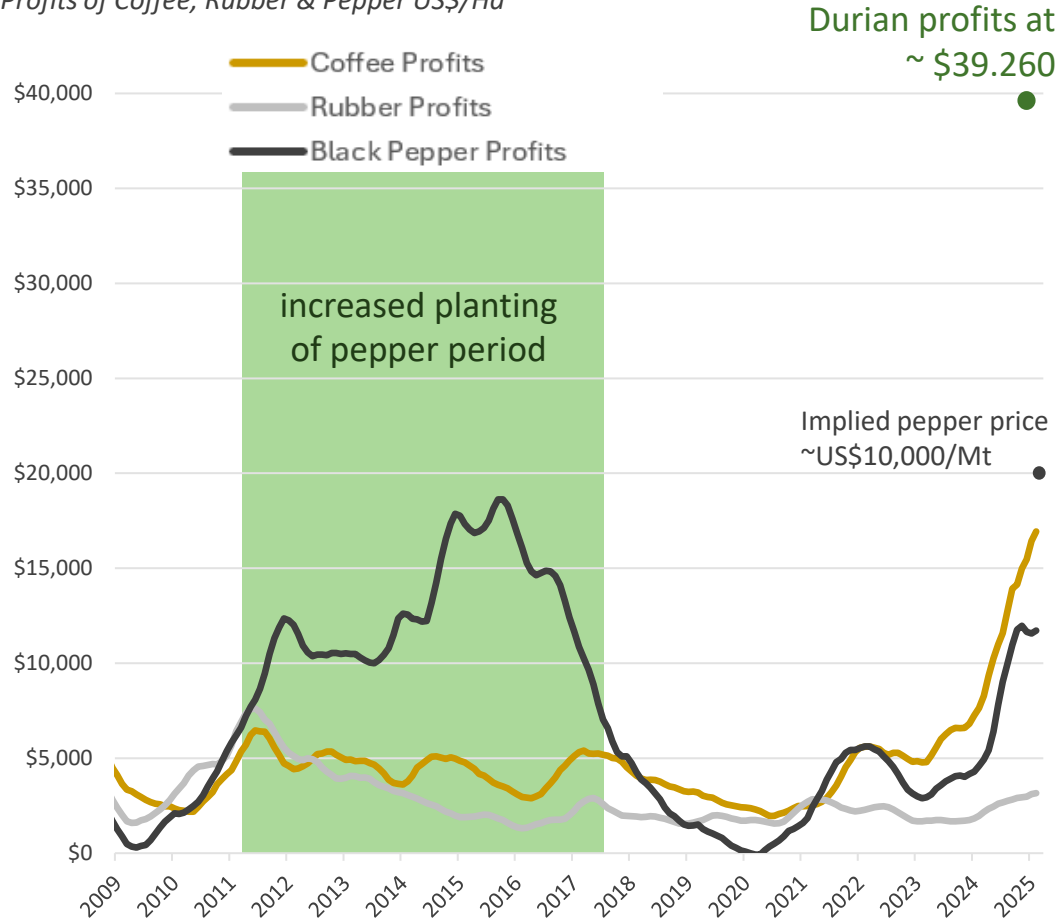
Note: Monthly price data as per 12-Feb-2025.
1) Average of ASTA quality Vietnam, Lampung and Brazil.
Source: Nedspice research.

Limited signs of supply recovery in Vietnam indicate a longer bull cycle

GOVERNMENT & INDUSTRY SUPPORT MAY BE NECESSARY TO HELP PROTECT VIETNAM'S LEADING POSITION IN THE SECTOR

Competing crops remain more profitable, delaying necessary expansions

Profits of Coffee, Rubber & Pepper US\$/Ha¹



1) Profits are calculated using a fixed yield and cost value per hectare. Prices per MT are based on variable market data, and may vary over time, affecting profits.

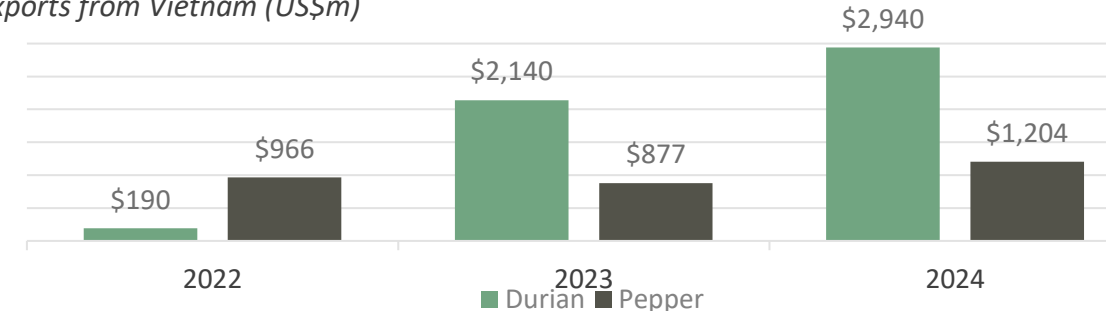
Nurseries reveal limited interest by farmers in pepper still...



Growth in Durian exports uses limited land available; Durian farmer at risk?

Current exports use ~70k ha, close to Vietnam's total pepper area, and excludes a likely to be very large amount of newly planted durian over past ~4 years! With total Durian imports into China at ~US\$7bn, this could lead to a very unfavorable scenario for the Durian farmer?

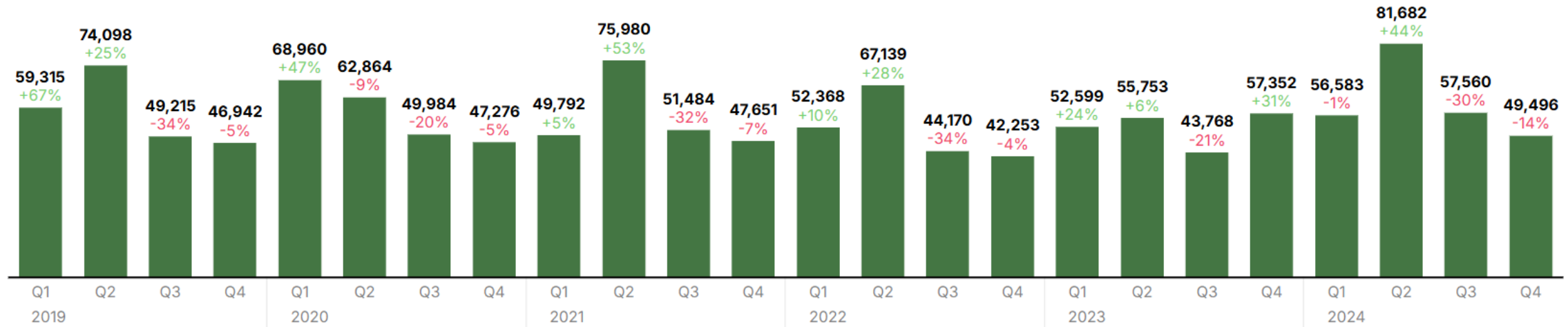
Exports from Vietnam (US\$m)



Price volatility | Why Chinese demand is an important price driver

EXPORTS TO THE WORLD ARE RELATIVELY STABLE / PREDICTABLE, WITH A RECURRING PEAK IN Q2 FOLLOWING THE HARVEST

Quarterly exports from Vietnam (MT) to RoW



China's buying is not stable / predictable

... IMPORT VOLUME LAST YEAR WAS LOW

Total imports

2020: 66KMT

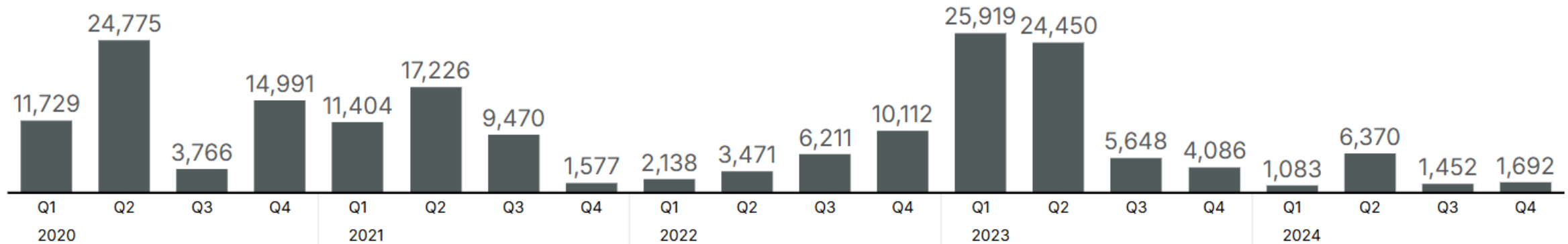
2021: 45KMT

2022: 25KMT

2023: 64KMT

2024: 18KMT

Vietnam: quarterly exports to China



Indonesia: quarterly exports to China

White pepper

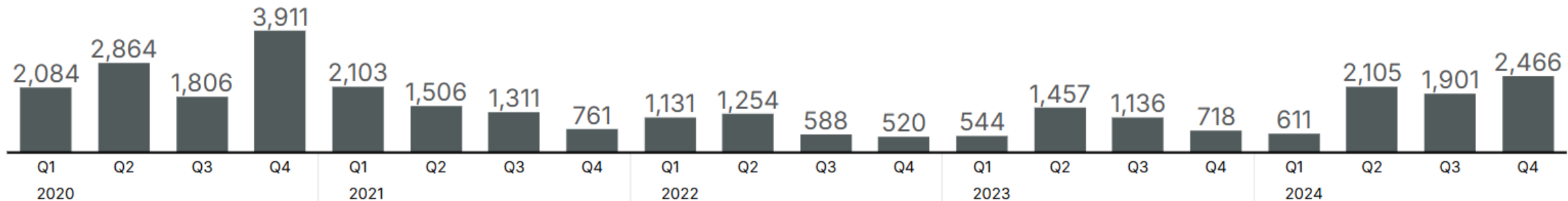
2020: 6.5KMT

2021: 2.7KMT

2022: 1.0KMT

2023: 1.2KMT

2024: 2.3KMT



Concluding remarks

- Production is estimated to decline further in 2025, to 434kMt. Decreasing acreage and adverse conditions in India are the main drivers.
- Since the total acreage in Brazil increased over the years, but adverse conditions kept production low so far, this origin has the potential to fill part of the supply gap.
- With demand remaining resilient and substantially above supply, prices are more likely to increase further than to fall.
- Current price levels will slow down a further drop in supply, as farmers are encouraged to intensify their farming efforts, driving up yields per hectare, and as planted areas increase (delayed effect).
- Especially in Vietnam though, current price levels may not be enough yet to incentivize a meaningful increase in acreage.
- Other factors to consider:
 - the demand from China, which was largely absent in the 2024 exports;
 - the (financial) holding power of farmers is substantially stronger.



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