



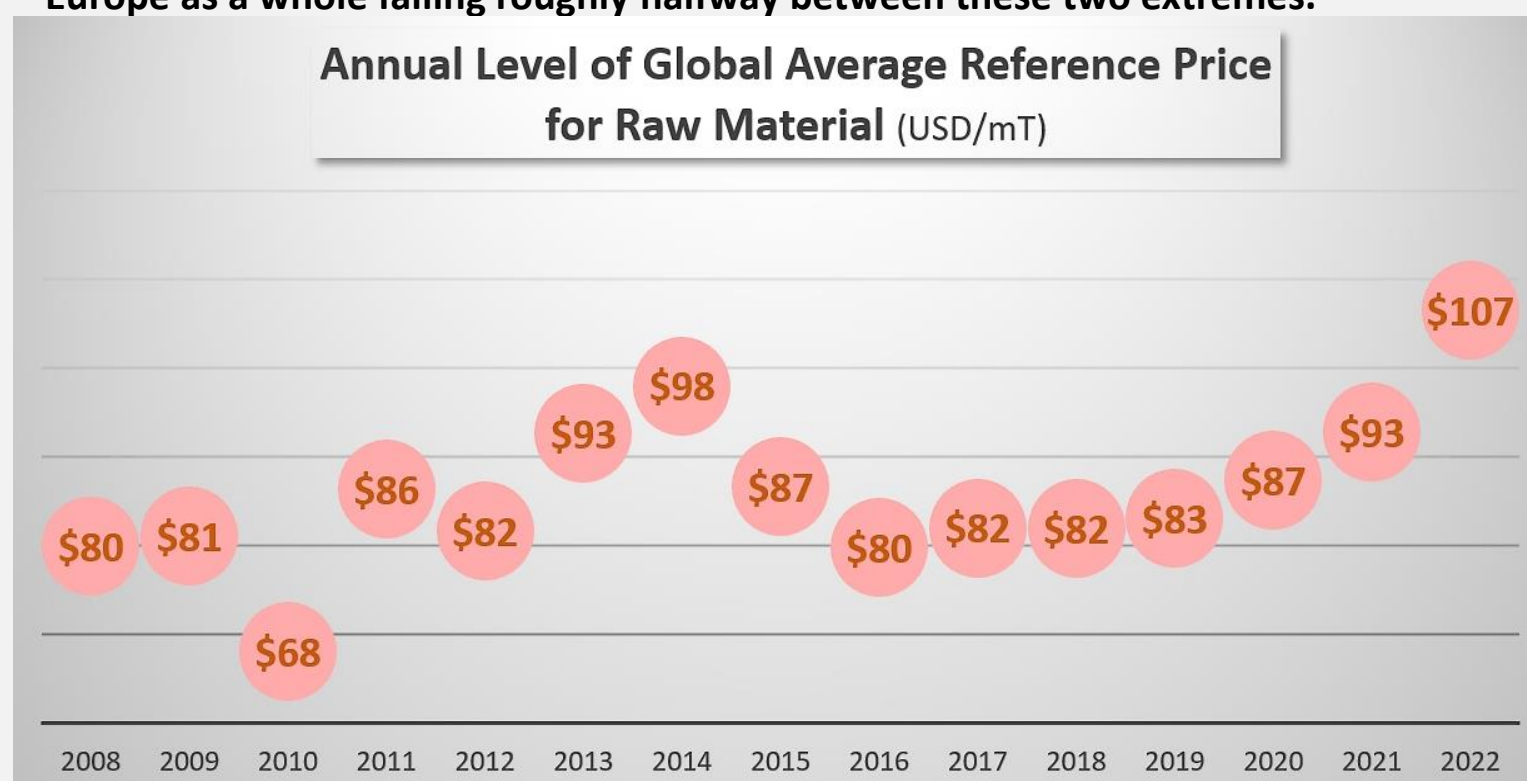
2022 TOMATO NEWS

A QUICK LOOK ON THE PERFORMANCE OF THE TOMATO MARKET AS A TOOL TO HELP US IDENTIFY OUR PURCHASING STRATEGIES

PRICES OF RAW MATERIAL FOR 2022 CROP VS 2021

At nearly USD 107 /mT, the overall average value of tomatoes as raw materials for processing has jumped by **+21%** compared to the average of the three previous seasons.

- **Reasons for the unprecedented rise in the prices of tomato as a "raw material":**
 - ✓ Increasing industrial demand mirrored by decreasing agricultural supply
 - ✓ Uncertain weather conditions
 - ✓ Difficult water supply
 - ✓ Covid related supply chain issues and lack of seasonal workers
 - ✓ Tensions due to the war in Ukraine
 - ✓ Extraordinary increases in the costs of all inputs
 - ✓ Competition with less risky or more profitable alternative crops
 - ✓ For Italy, government contributions for tomato crops will decrease by 60% in the next three years making this area less interesting for farmers
- **The value of US tomatoes has jumped by +24% compared to the price agreed in 2021**, followed by European tomatoes (+23% in Spain, +16% in Greece, +14% in Portugal, +9% in France) and other leading countries of the sector (+21% in Turkey, +9% in China).
- The largest increase of the year was recorded in California, the smallest in China, with Europe as a whole falling roughly halfway between these two extremes.





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ITALY

- As far as Italy is concerned, prices in 2021 were as follows :

North – 92€/mt

South – 105€/mt for round tomato and **115€/mt** for long tomato

- 2020 prices for the North were **fixed in April** at 108.5€/mt – up +18% against previous year. For the South, an agreement has yet to be reached.
- **The demand from farmers in the south is massive** and despite the industry's willingness to grant a higher price increase in comparison to what was granted in the North, **farmers have arbitrarily put forward a request for an increase that is considered unjustified by processors**, who acknowledge the increases in production costs but claim these impact the South in the same way as the North. Processors have offered 120€/mt for round variety and 130€/mt for the long variety but the request is 140€/mt and 150€/mt respectively.
- **Farmers are worried about the cost of diesel used in agriculture** (from 0.75€/litre to 1.40€/litre) **as well as the cost of fertilizers and plastics**. Farmers say that costs have increased by 35% so the price they are demanding is not negotiable.
- The price agreed with farmers for the raw material has never been so unimportant in defining the cost of finished products as this year. **Supply and demand, energy costs, and opportunities are the defining factors**. Retailers are diversifying their supply base in order to guarantee volumes.

VOLUMES EXPECTED 2022 VS 2021

- According to Amitom, the association of tomato processors of the Mediterranean region, **the Italian 2022 crop will be 10% lower than last year**. In the North the estimates are to collect 2.75 million tons, down 10,2% and in the South the estimates are for 2,65 million tons, namely 10% down from last year.

WEATHER

- **High temperatures are going to affect this year's crop**. Above average 1°C will reduce yields by 0,4 ton/ha. Farmers are particularly worried about lack of rain.

