



Disruptions and Opportunities

Perspectives for the cold chain sector

*Nekovri Meeting
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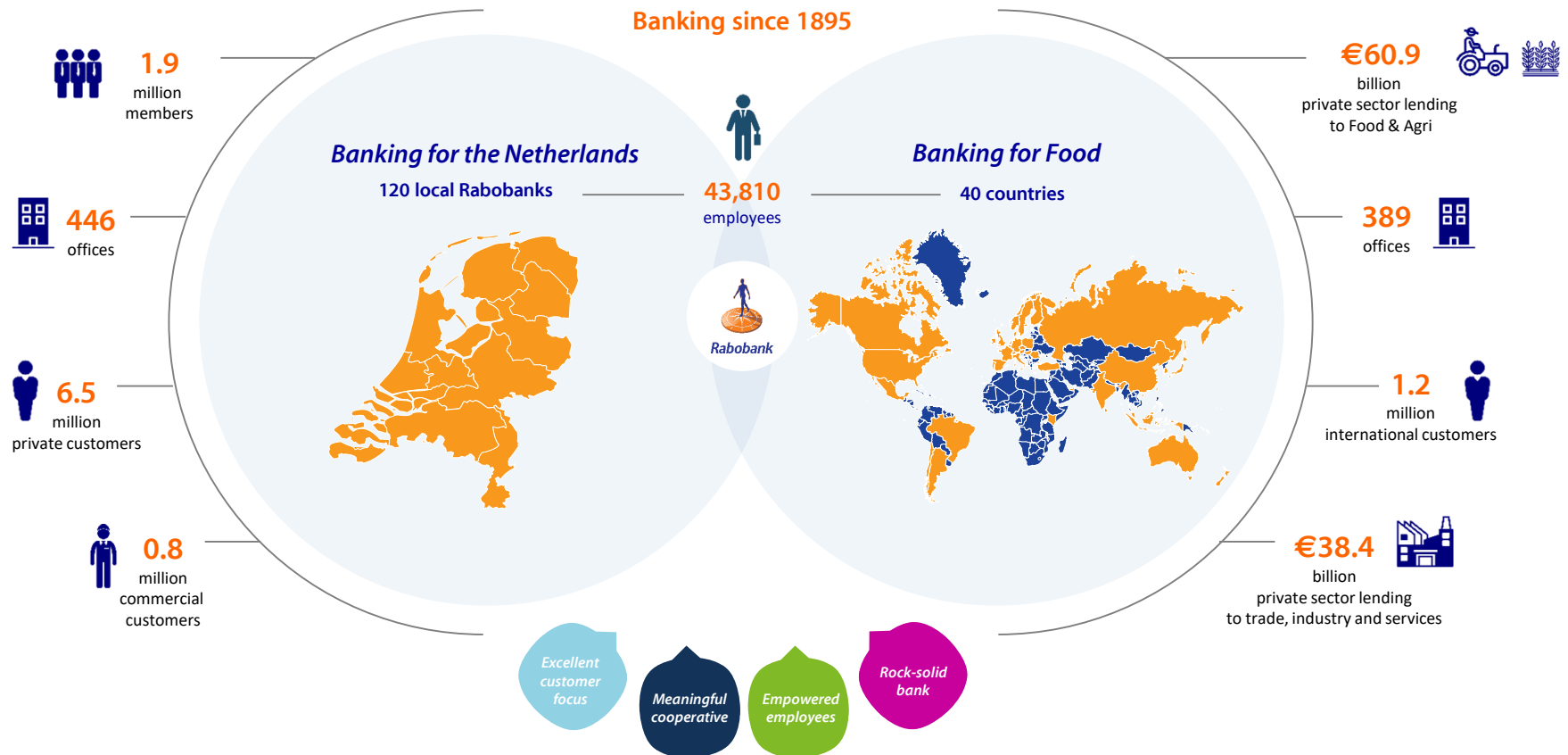


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Outline

1. Global cold chain market trends, growth outlook and competitive landscape
2. COVID-19: disruption and market trend acceleration
3. Sustainable Innovation and future market drivers
4. Key Takeaways

Rabobank is active in all segments in the Netherlands and leading in Consumer Food and Agriculture globally





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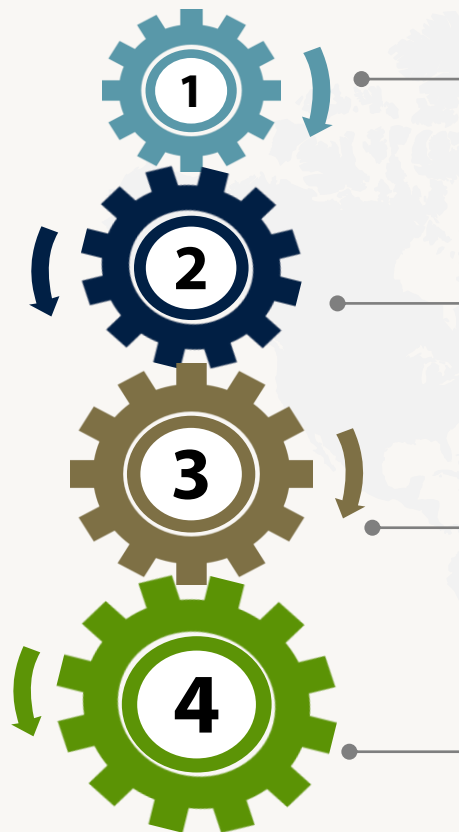
Global Cold Chain growth and Market Trends



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A cold chain market in motion

- 4 main trends have driven the growth and structural developments of the global cold chain market
- COVID-19 outbreak, its short and mid term impacts, might determine an acceleration of those trends, providing a new impulse to the modernization of the sector across the globe



Continued M&A activity by incumbents and new entrants

- Demand for cold store assets outstrips availability of sizeable assets
- Number of transactions and multiples have increased over time
- COLD's share price performance further fueled appetite for the asset class
- Except for the US, most markets remain highly fragmented



Growing demand for modern large-scale capacity

- Large amounts of capital required for greenfields, favoring larger players with lower cost of capital
- Highly automated facilities are gaining traction, particularly for production-advantaged sites
- All time high transaction multipliers are putting pressure on greenfield yields
- Changing consumer preferences are impacting F&A supply chains



Cold Chain industry increasingly introducing advanced technology, led by the larger players

- Advanced technology can further improve operating efficiencies and increase safety
- Collection and utilization of data to improve customer experience
- Cold Chain companies becoming data companies?
- Vibrant ecosystem of advanced technology driven service providers



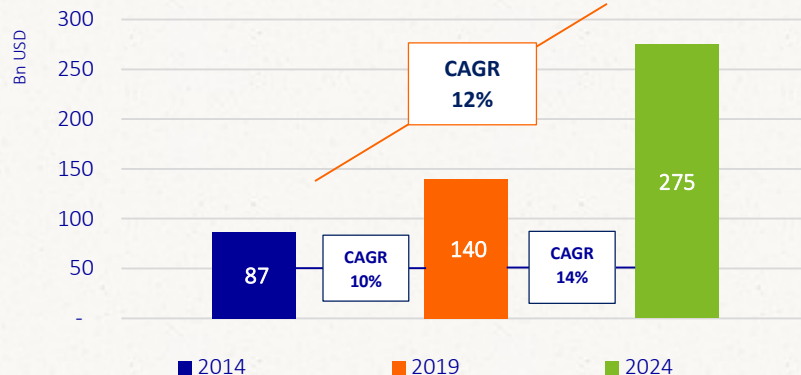
Sustainable innovation

- Cold Chain companies, large and small, have a clear advantage in cutting their environmental footprint and manage their energy consumption.
- In coming years sustainability of cold chain operation will be an important competitive tool to attract volumes from F&A producers that are starting to look closely at the sustainability of their logistic operation



Cold Chain strong growth promoted consolidation within the sector and sparked the interest of new entrants

The strong growth is forecasted to continue in coming years











Fragmented Sector with increasing top 10 weight

#	Company	Capacity (M m³)	2020 Europe Market Share (%)
1.	Lineage	5.7	4.8%
2.	Kloosterboer	4.6	3.8%
3.	AGRO	3.2	2.7%
4.	New Cold	2.8	2.3%
5.	Constellation	1.6	1.3%
6.	Nichirei	1.4	1.2%
7.	Magnavale	1.1	0.9%
8.	Agri-Norcold	0.9	0.8%
9.	Bring	0.8	0.7%
10.	Claus-Sørensen	0.8	0.7%

Source: Markets & Markets, Statista, GCCA, IARW

Cold Chain sector continues to attract new investors

	2019 	<ul style="list-style-type: none"> GCM is backing former owner of Terminal Freezers (Dayton family) Proposition towards clients is to be an alternative to the industry leaders Greenfield and M&A growth strategy 	  
	2019  	<ul style="list-style-type: none"> Maiden investment in cold chain Glacio operates 2 cold stores with c. 40k pallets (Fredrikstad & Rakkestad) K&S operates a fleet of temperature controlled trailers in East Norway 	  
	2018 	<ul style="list-style-type: none"> Acquired from founding family Cold storage and logistics provider focused on nuts / dried fruit imports Real estate is leased (Newark, NJ and Kearny, NJ) 	  
	2018 	<ul style="list-style-type: none"> Vanke acquired 7 cold stores in first tier cities from Swire for c. \$290m Capacity of c. 102m cu. ft. Vanke started its cold chain operations before this transaction 	  
	2017 	<ul style="list-style-type: none"> Cold storage and logistics provider focused on wine, cheese, chocolate and craft beer Operates over 22m c ft. of cold storage and a fleet of 60+ trucks 	  


Selected potential new entrants


ANTIN
INFRASTRUCTURE PARTNERS




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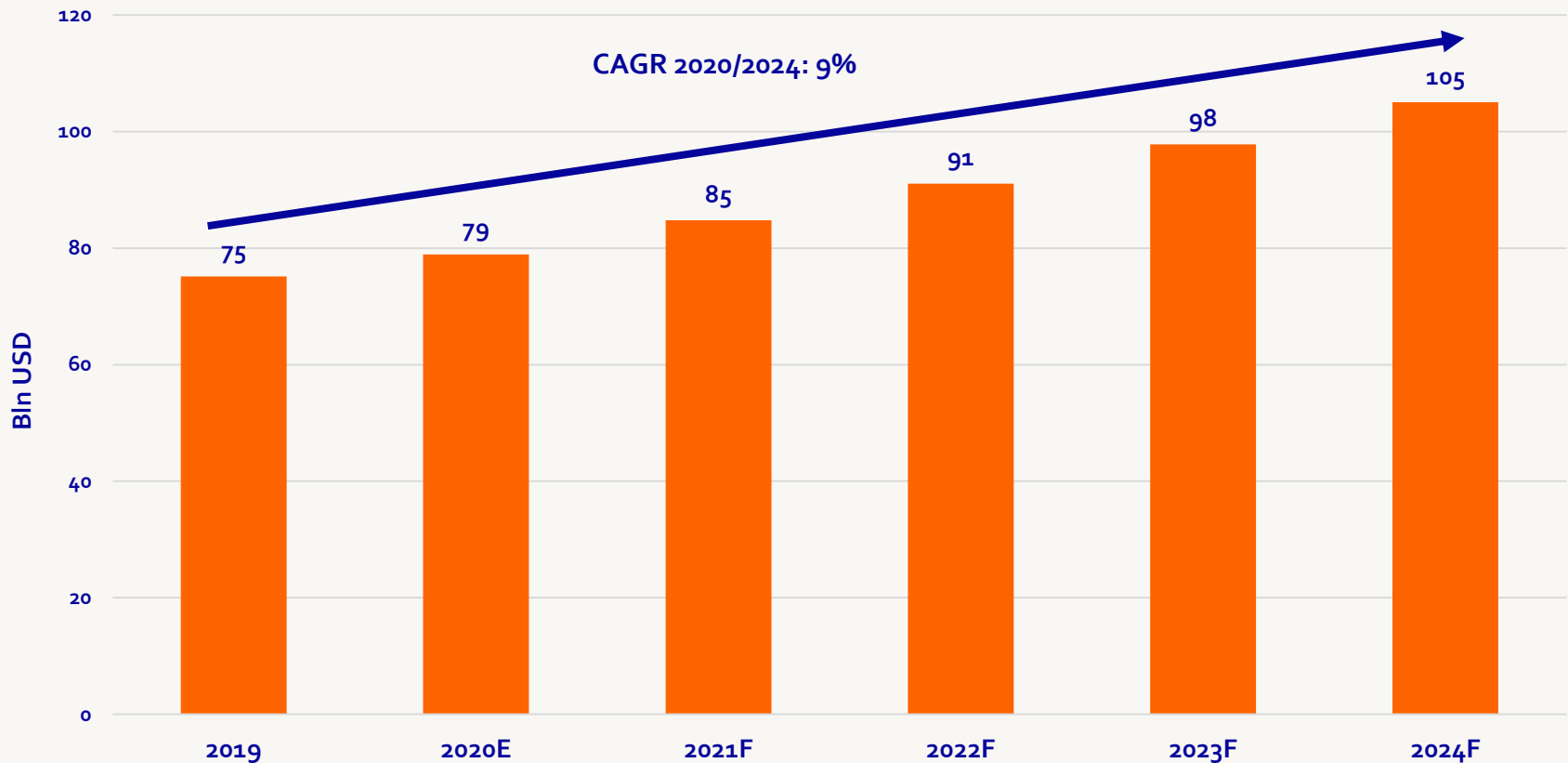
Vopak

 Chilled storage










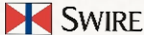





















 Frozen storage

 Transport

European cold chain* market size forecasted to growth to 113 bln in 2025

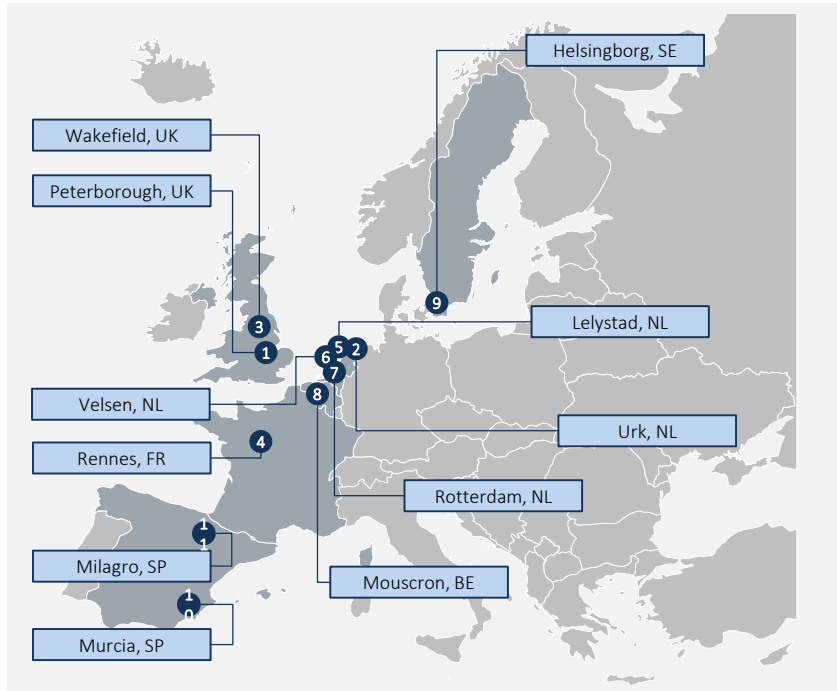


Cold chain players continue to rapidly consolidate

Acquirer	Recent acquisitions	M&A strategy
	  	<ul style="list-style-type: none"> Buy & build strategy to acquire small to mid-sized companies in logistic hubs Focus on trade flows between food production and consumption areas Lower M&A appetite expected towards exit/IPO
	  	<ul style="list-style-type: none"> Ramped up M&A activity since IPO to deliver on growth expectations by shareholders Opportunistic US consolidation, while looking for platform acquisition in E.U.
	     	<ul style="list-style-type: none"> Consolidation strategy in ANZ & APAC Announced first acquisition in US Potentially looking at Europe as well
	 	<ul style="list-style-type: none"> As a family owned company, Kloosterboer has a conservative approach to acquisitions No major change in M&A strategy expected
	    	<ul style="list-style-type: none"> Combination of smaller add-on acquisitions and several larger transformational deals Opportunistic U.S. consolidation, with more focus on consolidating mainland Europe
	   	<ul style="list-style-type: none"> M&A not part of growth strategy, but opportunistically looking at transactions in Germany Created partnership with STEF in 2016 extending their network for groupage and fine distribution solutions in Europe
	 	<ul style="list-style-type: none"> As a family majority owned company, STEF has a conservative approach to acquisitions M&A focus on building cold storage platform in Europe as well as temp controlled transportation

Growing demand for modern capacity – Europe












Locations in Europe



Comments

- Due to higher labor costs vs. the US, automation is more common in Europe
- Industry participants mention pressure on greenfield yields as competitors that are anticipating an exit are willing to accept lower yields given record-high transaction multiples
- In May 2019, Rotterdam launched “Rotterdam Food Hub”, which is expected to lead to new capacity coming online

Select greenfield and expansion projects

	Company	Type	Investment (EURm)	Size (sq. ft.)	Storage (cu. ft.)	Pallets	Completion
1	 Lineage	G A	76	300,000	n.a.	150,000	✓
2	 AGRO Merchants Group	E	n.a.	n.a.	8.5m	13,750	✓
3	 NEWCOLD	E A	117	n.a.	141m	143,000	✓
4	 NEWCOLD	G A	76	n.a.	15m	96,000	2020
5	 Kloosterboer	G A	n.a.	n.a.	7.4m	40,000	✓
6	 Kloosterboer	E	n.a.	161,459	5.3m	40,000	✓
7	 Kloosterboer	G	n.a.	86,111	12.3m	40,000	✓
8	 Stockhobo	E A	n.a.	n.a.	15.5m	62,520	✓
9	 bring FRESH	G	n.a.	118,403	n.a.	n.a.	✓
10	 PrimaFrio	G	n.a.	n.a.	10.6m	n.a.	✓
11	 Frinavarra	G	18.3	n.a.	9.9m	n.a.	✓

G Greenfield

E Expansion

A Automated

A detailed 3D rendering of COVID-19 virus particles. The particles are spherical with a textured surface and numerous spike-like protrusions (glycoproteins) extending from them. They are set against a dark blue background with a bokeh effect of light spots.

2

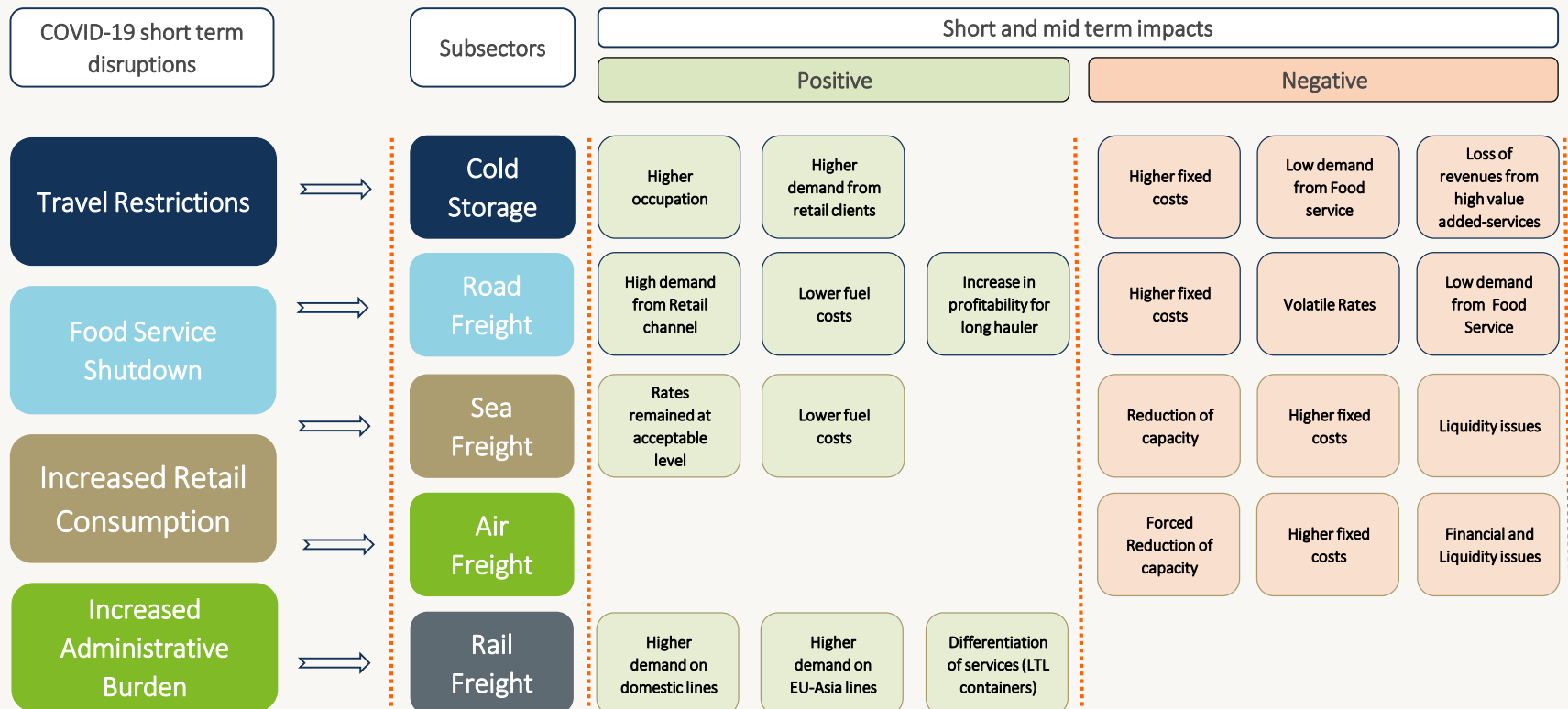
COVID-19: disruptions and market trend acceleration



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COVID-19 short term disruptions impacted F&A logistic subsectors shaping the mid term scenario

- COVID-19 put high pressure on F&A supply chain that delivered under unprecedented conditions and, in certain regions, it will also have to adapt to the economic recession that will follow.
- Each subsector had its specific positive and negative impacts which will shape their mid term scenarios for the coming 12 months:
 - Cold storage, road freight and rail freight might experienced higher demand from retail and lower from food service in a context of higher fixed costs
 - Air and sea freight took a stronger hit and will have to deal with relevant financial and liquidity issues in next 3 quarters at least.



Post COVID-19: a complex paying field





3

Sustainability and future drivers



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Innovation and technology play key roles in the sector's development

Concept

Application

Select innovation examples



Automation

Conveyor belts, automatic guided vehicles, AS/RS



Big data analysis

Multiple temperature sensors in a single building

Analyzing weather forecasts (using algorithms)

Optimized fleet management and fuel consumption

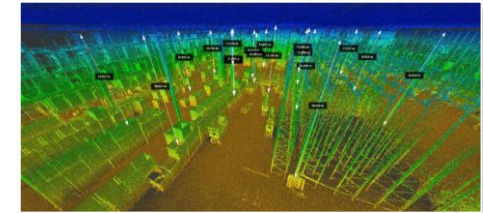
Pricing excellence



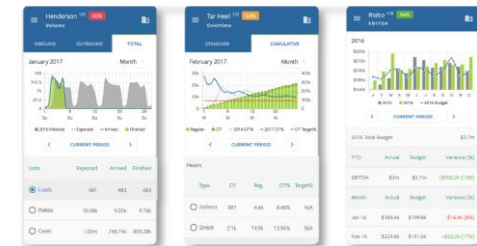
AI – Machine learning

Truck movement tracking

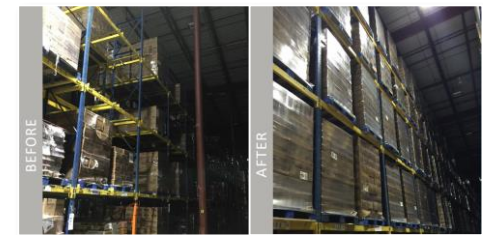
Optimization of internal routing



Temperature detection sensors



App dashboard to track all metrics



Space optimization through automation

Regulation, food processors demands and “green” investors important driving forces for the future





4

Key Takeaways



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Key Takeaways

1

Cold Chain sector is an extremely dynamic market that showed impressive growth numbers in recent years

2

- *Consolidation and the modernization of capacity are underpinned by sustainable innovation using advance technology.*
- *Companies have also developed a robust offering of high value-added services*

3

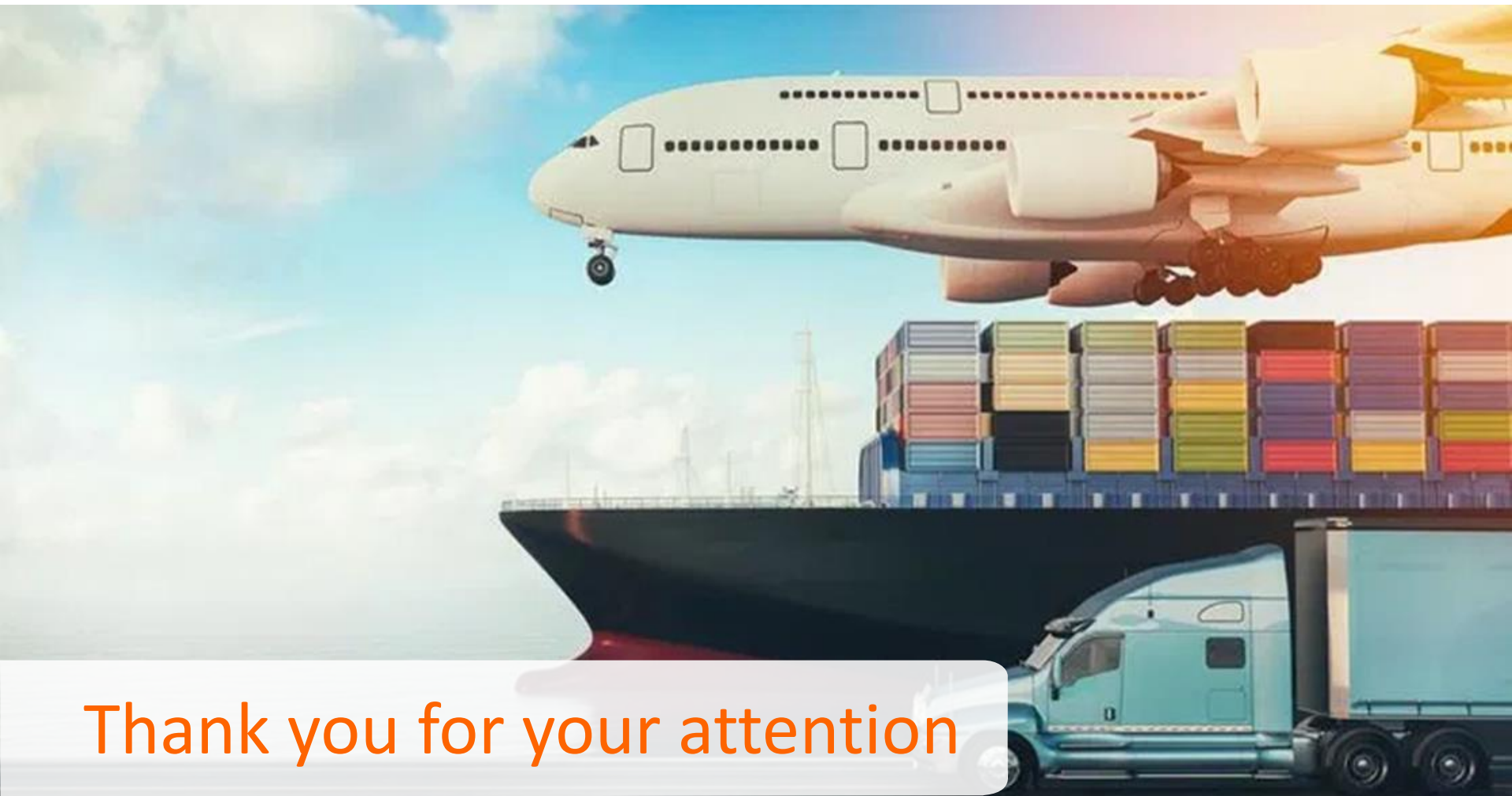
- *In this context COVID-19 brought disruption to the F&A logistic services.*
- *Disruption pattern is pretty uniform globally, impacts will also depend on the regional cold chain market structure*

4

- *Cold chain will leave permanent marks on the way cold chain sector perceive external risk factors and disruptions*
- *Important to invest in connecting assets and in horizontal partnership*

5

- *Regulators, Food Producers and “green” investors will be key to further developments in the sector that will need to adapt to new driving forces while still consolidating.*



Thank you for your attention

