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MarketLine Industry Profile

Agricultural Products in Chile

September 2018

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MarketLine

EXECUTIVE SUMMARY

Market value

The Chilean agricultural products market shrank by 1.9% in 2017 to reach a value of \$7.7 billion.

Market value forecast

In 2022, the Chilean agricultural products market is forecast to have a value of \$8.7 billion, an increase of 13% since 2017.

Market volume

The Chilean agricultural products market shrank by 4.6% in 2017 to reach a volume of 18.6 million tonnes.

Market volume forecast

In 2022, the Chilean agricultural products market is forecast to have a volume of 19.2 million tonnes, an increase of 3.4% since 2017.

Category segmentation

Fruit is the largest segment of the agricultural products market in Chile, accounting for 73.1% of the market's total value.

Geography segmentation

Chile accounts for 2% of the Americas agricultural products market value.

Market rivalry

In the Chilean agricultural products market, the overall rivalry is assessed as strong.

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MARKET OVERVIEW

Market definition

The agricultural products industry consists of the production of Cereals (such as wheat, rice, barley etc.), Nuts (almonds, hazelnuts, pistachios etc.), Oilcrops (cottonseed, groundnuts, olives etc.), Spices & Stimulants (coffee, hops, dry chillies etc.), Sugar (sugar cane, sugar beet etc.), Pulses (beans, peas, lentils etc.), Roots & Tubers (Potatoes, sweet potatoes, cassava etc.), Vegetables (cabbages, tomatoes, onions etc.), and Fruit (bananas, citrus fruits, berries etc.)

All volumes are provided in tonnes and all values are calculated at producer prices.

All currency conversions use constant average 2017 exchange rates.

For the purposes of this report, the global market consists of North America, South America, Europe, Asia-Pacific, Middle East, South Africa and Nigeria.

North America consists of Canada, Mexico, and the United States.

South America comprises Argentina, Brazil, Chile, Colombia, and Peru.

Europe comprises Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

Scandinavia comprises Denmark, Finland, Norway, and Sweden.

Asia-Pacific comprises Australia, China, Hong Kong, India, Indonesia, Kazakhstan, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam.

Middle East comprises Egypt, Israel, Saudi Arabia, and United Arab Emirates.

Market analysis

The Chilean agricultural products market has been turbulent over the last five years, with production depending on variables such as weather patterns.

The Chilean agricultural products market had total revenues of \$7.7bn in 2017, representing a compound annual rate of change (CARC) of -0.7% between 2013 and 2017. In comparison, the US market declined with a CARC of -4%, and the Mexican market increased with a compound annual growth rate (CAGR) of 4%, over the same period, to reach respective values of \$174.8bn and \$22.5bn in 2017.

Market production volume increased with a CAGR of 4% between 2013 and 2017, to reach a total of 18.6 million tons in 2017. The market's volume is expected to rise to 19.2 million tons by the end of 2022, representing a CAGR of 0.7% over 2017–2022.

Production growth has been supported by the rise in disposable income and a relatively low birth rate. Consumer demand for organic food is growing, and many people are willing to pay more to get it. On average Chileans spend 23.4% of income on food – a figure that is forecast to grow. This should stimulate further growth in volume over the coming years.

The fruit segment was the market's most lucrative in 2017, with total revenues of \$5.6bn, equivalent to 73.1% of the market's overall value. The vegetables segment contributed revenues of \$0.9bn in 2017, equating to 11.9% of the market's aggregate value.

Increasing demand for fruit globally has benefited the Chilean market. The country is the largest fruit exporter in the southern hemisphere, selling vast quantities of produce to the US. However, the latest statistics from Chile's Office of Agricultural Research and Policy (ODEPA) reveal that exports to the US dropped in value by \$4.74bn during 2017. The overall volume of fruit produced decreased by 2%.

The performance of the market is forecast to accelerate, with an anticipated CAGR of 2.6% over 2017–2022, which is expected to drive the market to a value of \$8.7bn by the end of 2022. Comparatively, the US and Mexican markets will grow with CAGRs of 2.9% and 3% respectively, over the same period, to reach respective values of \$201.2bn and \$26.1bn in 2022.

The market in Chile is heavily dependent upon exports to the US. The US buys roughly one-third of Chilean fruit produce, with about a quarter of exports consisting of table grapes. Due to healthy economic growth and wage expansion in the US, demand for fruit from Chile will likely continue, helping to sustain the market in the long-term. According to the Association of Fruit Exporters (Asoex), between September 2017 and August 2018 the country exported a total of 2.72 million tons of fruit, a 5.6% rise upon the previous period. Better still, cherry exports have almost caught up to table grapes, suggesting the market has plenty of room to grow. Due in large to a bumper harvest and expanding demand from China, cherries now account for a major part of the agriculture produce market.

MARKET DATA

Market value

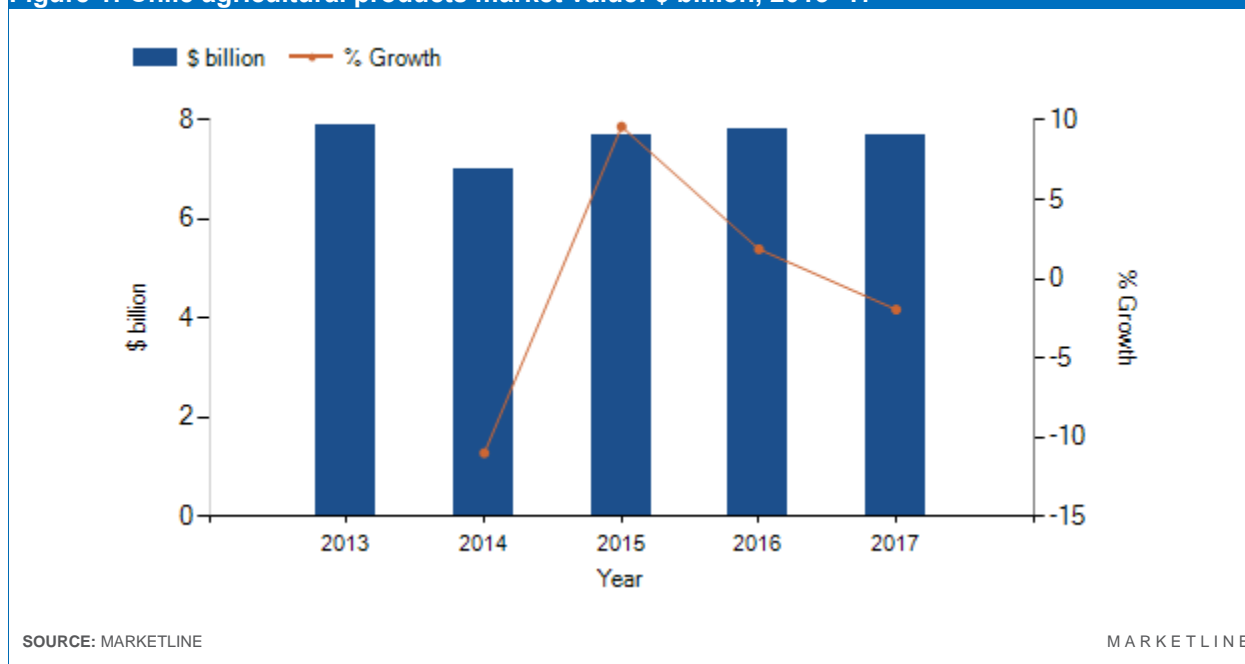
The Chilean agricultural products market shrank by 1.9% in 2017 to reach a value of \$7.7 billion.

The compound annual rate of change of the market in the period 2013–17 was -0.7%.

Table 1: Chile agricultural products market value: \$ billion, 2013–17

Year	\$ billion	CLP billion	€ billion	% Growth
2013	7.9	5,105.0	7.0	
2014	7.0	4,543.5	6.2	(11.0%)
2015	7.7	4,979.3	6.8	9.6%
2016	7.8	5,071.8	6.9	1.9%
2017	7.7	4,973.0	6.8	(1.9%)
CAGR: 2013–17				(0.7%)
SOURCE: MARKETLINE				MARKETLINE

Figure 1: Chile agricultural products market value: \$ billion, 2013–17



Market volume

The Chilean agricultural products market shrank by 4.6% in 2017 to reach a volume of 18.6 million tonnes.

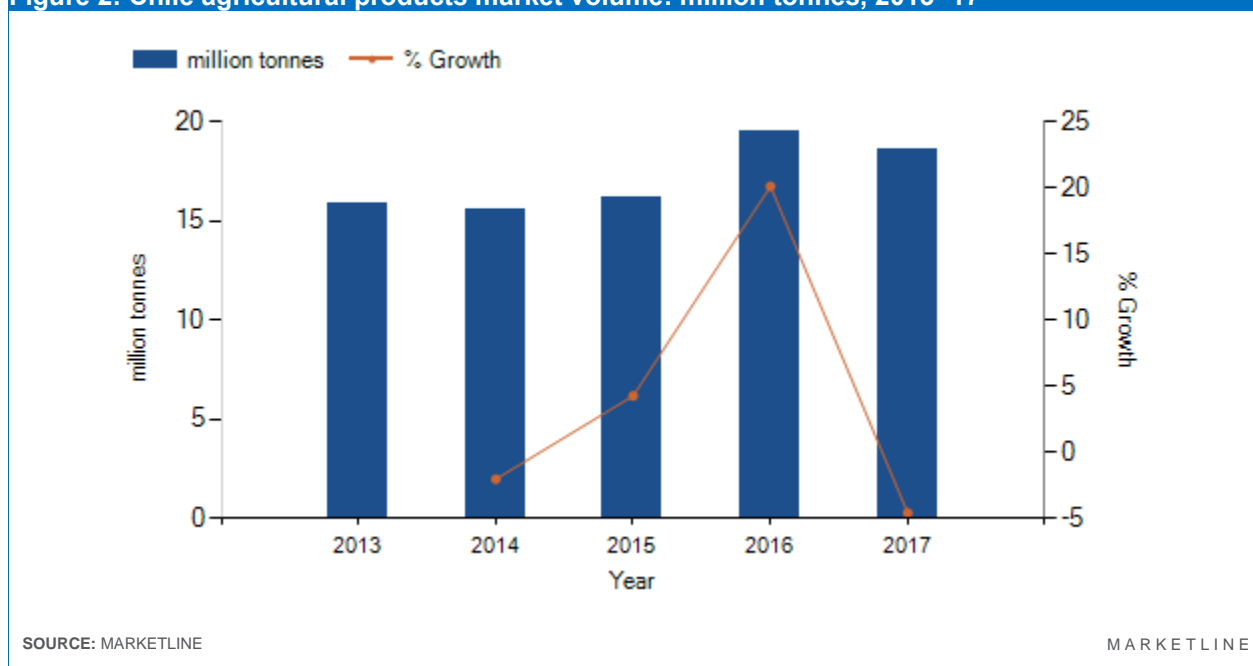
The compound annual growth rate of the market in the period 2013–17 was 4%.

Table 2: Chile agricultural products market volume: million tonnes, 2013–17

Year	million tonnes	% Growth
2013	15.9	
2014	15.6	(2.0%)
2015	16.2	4.3%
2016	19.5	20.1%
2017	18.6	(4.6%)
CAGR: 2013–17		4.0%

SOURCE: MARKETLINE

Figure 2: Chile agricultural products market volume: million tonnes, 2013–17



MARKET SEGMENTATION

Category segmentation

Fruit is the largest segment of the agricultural products market in Chile, accounting for 73.1% of the market's total value.

The Vegetables segment accounts for a further 11.9% of the market.

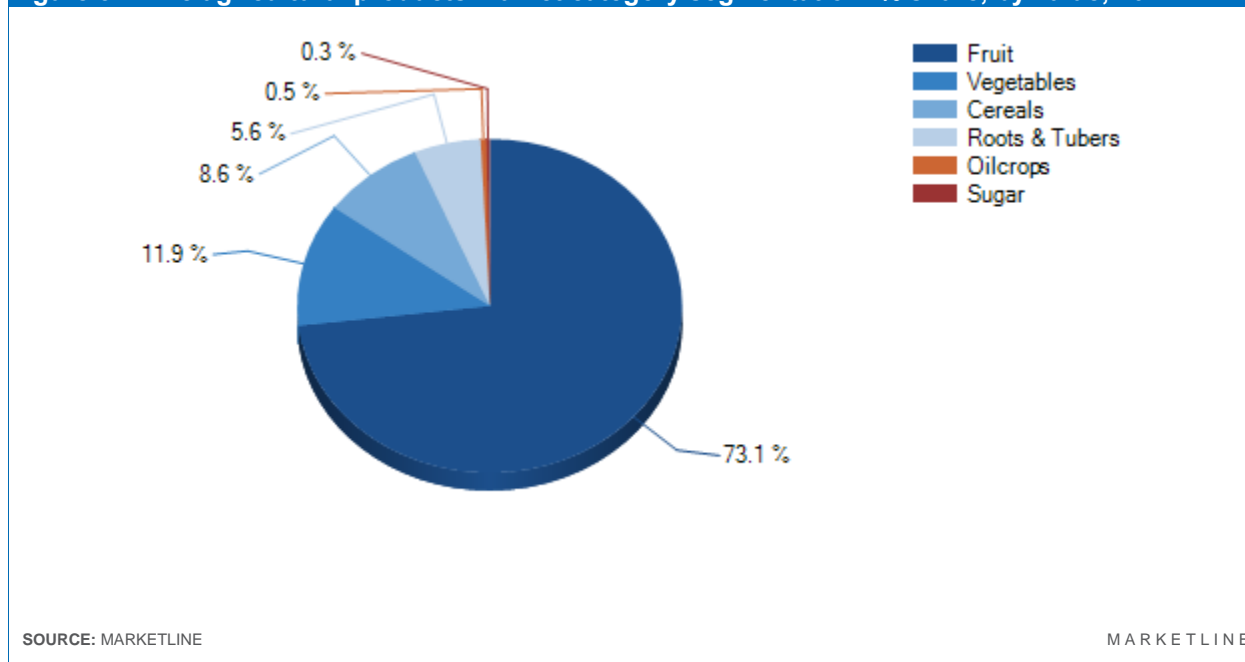
Table 3: Chile agricultural products market category segmentation: \$ billion, 2017

Category	2017	%
Fruit	5.6	73.1%
Vegetables	0.9	11.9%
Cereals	0.7	8.6%
Roots & Tubers	0.4	5.6%
Oilcrops	0.0	0.5%
Sugar	0.0	0.3%
Total	7.6	100%

SOURCE: MARKETLINE

MARKETLINE

Figure 3: Chile agricultural products market category segmentation: % share, by value, 2017



SOURCE: MARKETLINE

MARKETLINE

Geography segmentation

Chile accounts for 2% of the Americas agricultural products market value.

The United States accounts for a further 45.9% of the Americas market.

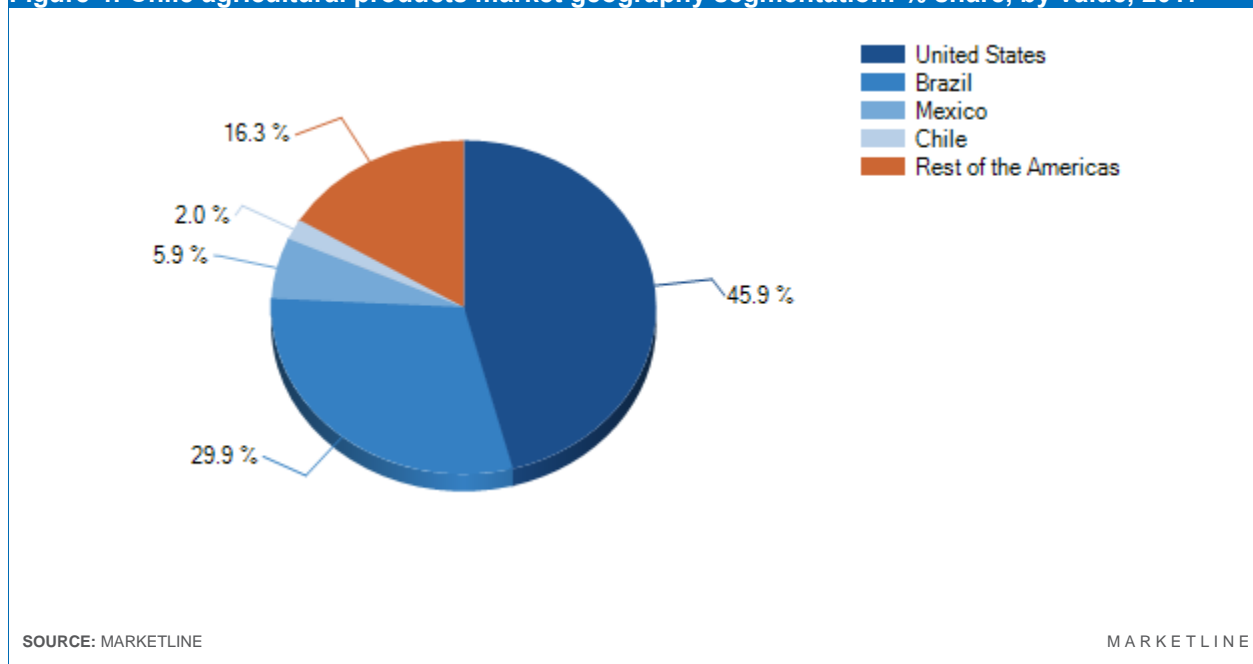
Table 4: Chile agricultural products market geography segmentation: \$ billion, 2017

Geography	2017	%
United States	174.8	45.9
Brazil	114.0	29.9
Mexico	22.5	5.9
Chile	7.7	2.0
Rest of the Americas	61.9	16.3
Total	380.9	100%

SOURCE: MARKETLINE

MARKETLINE

Figure 4: Chile agricultural products market geography segmentation: % share, by value, 2017



SOURCE: MARKETLINE

MARKETLINE

MARKET OUTLOOK

Market value forecast

In 2022, the Chilean agricultural products market is forecast to have a value of \$8.7 billion, an increase of 13% since 2017.

The compound annual growth rate of the market in the period 2017–22 is predicted to be 2.6%.

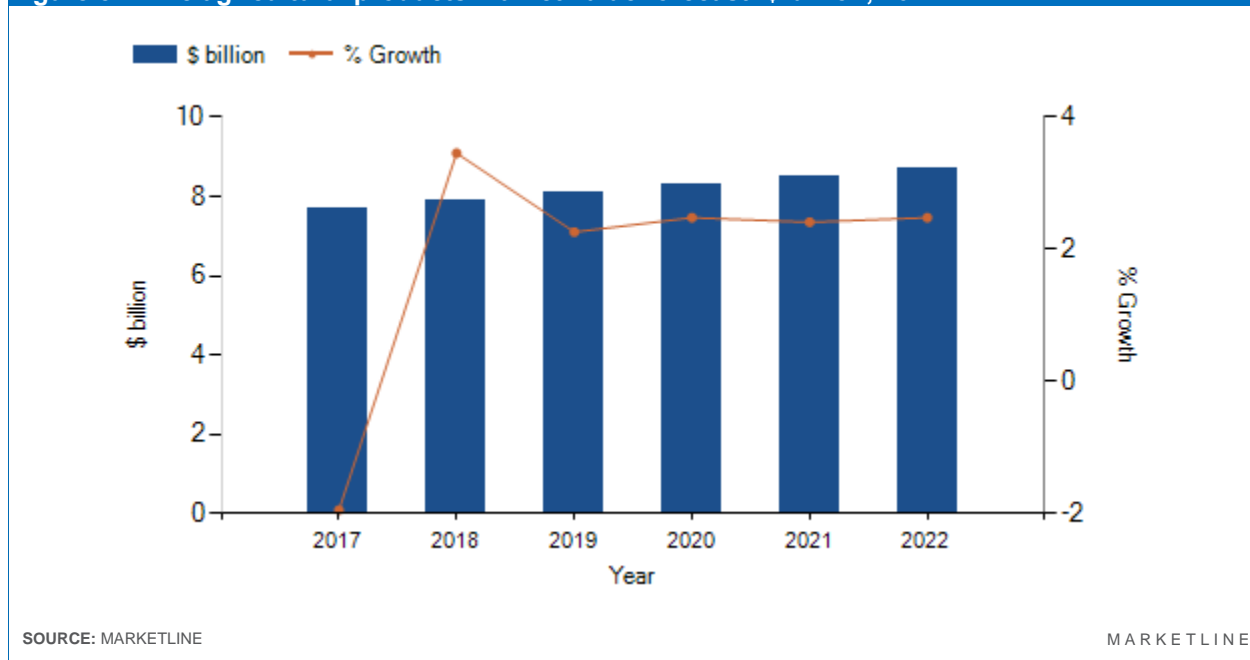
Table 5: Chile agricultural products market value forecast: \$ billion, 2017–22

Year	\$ billion	CLP billion	€ billion	% Growth
2017	7.7	4,973.0	6.8	(1.9%)
2018	7.9	5,144.8	7.0	3.5%
2019	8.1	5,261.1	7.2	2.3%
2020	8.3	5,391.5	7.4	2.5%
2021	8.5	5,521.5	7.5	2.4%
2022	8.7	5,658.3	7.7	2.5%
CAGR: 2017–22				2.6%

SOURCE: MARKETLINE

MARKETLINE

Figure 5: Chile agricultural products market value forecast: \$ billion, 2017–22



SOURCE: MARKETLINE

MARKETLINE

Market volume forecast

In 2022, the Chilean agricultural products market is forecast to have a volume of 19.2 million tonnes, an increase of 3.4% since 2017.

The compound annual growth rate of the market in the period 2017–22 is predicted to be 0.7%.

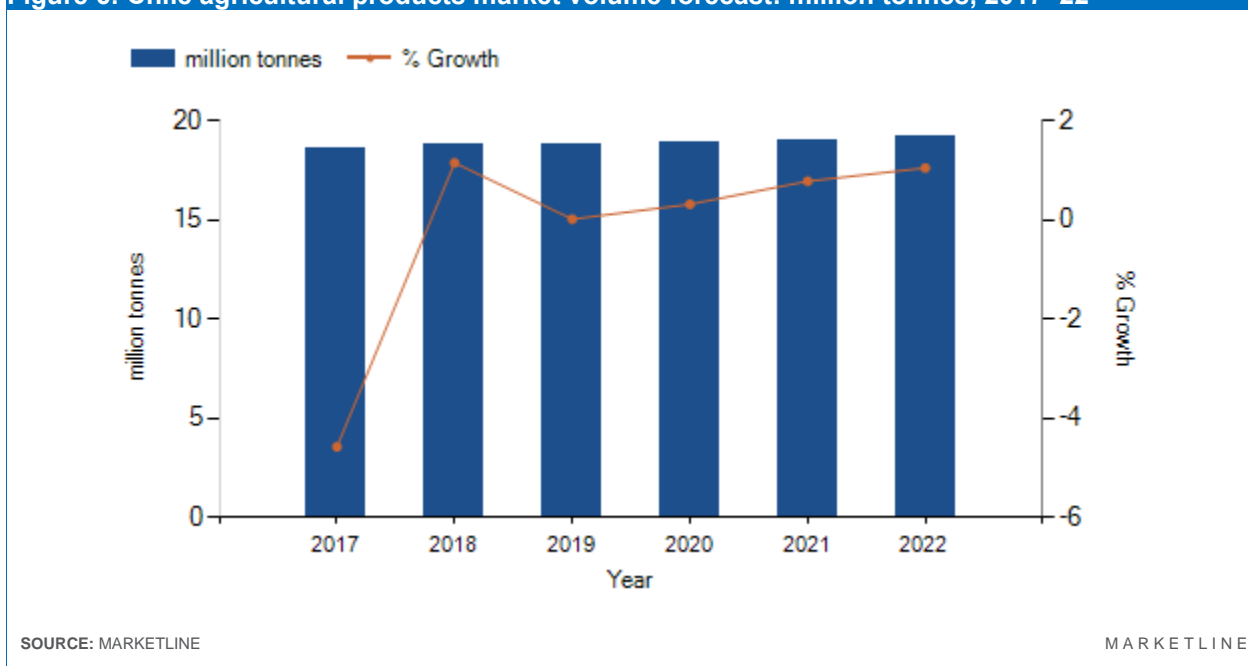
Table 6: Chile agricultural products market volume forecast: million tonnes, 2017–22

Year	million tonnes	% Growth
2017	18.6	(4.6%)
2018	18.8	1.2%
2019	18.8	0.0%
2020	18.9	0.3%
2021	19.0	0.8%
2022	19.2	1.1%
CAGR: 2017–22		0.7%

SOURCE: MARKETLINE

MARKETLINE

Figure 6: Chile agricultural products market volume forecast: million tonnes, 2017–22

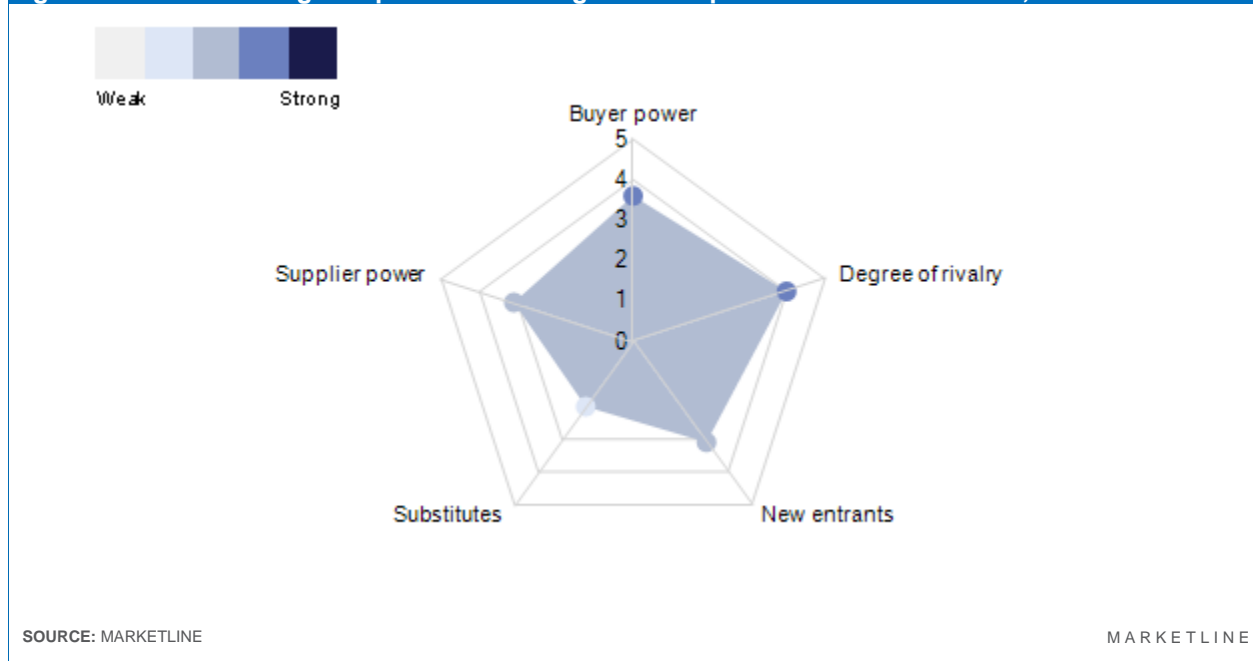


FIVE FORCES ANALYSIS

The agricultural products market will be analyzed taking farming practices and producers as players. The key buyers will be taken as grocery retailers and food processing companies, and fertilizer and machinery providers as the key suppliers.

Summary

Figure 7: Forces driving competition in the agricultural products market in Chile, 2017



In the Chilean agricultural products market, the overall rivalry is assessed as strong.

Buyer power in this market is assessed as strong. Supplier power is assessed as moderate. The threat of new entrants is assessed as moderate and the threat of substitutes is assessed as weak.

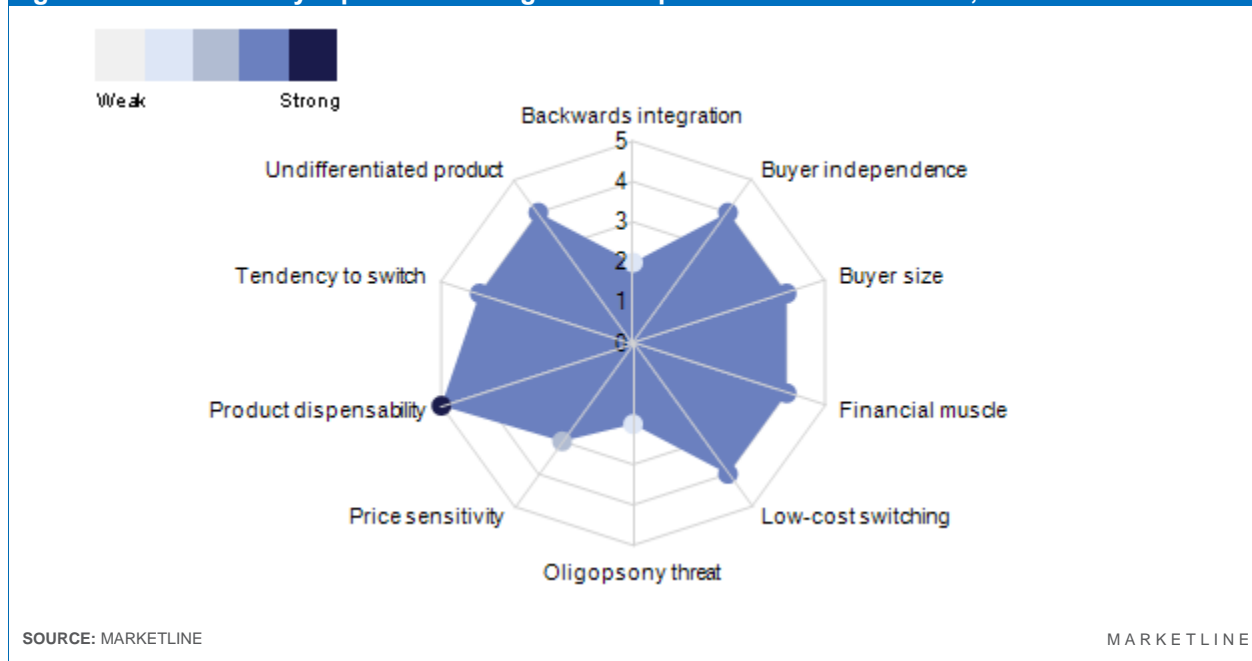
Rivalry as well as buyer power is driven up by large numbers of undifferentiated players operating within this market. Buyers are able to choose from a number of different agricultural producers, as a number of supermarkets control the retail of agricultural products, market players compete for these valuable contracts. This further strengthens buyer power. Inputs into this market from the supplier include undifferentiated products such as chemicals and fertilizer, with the companies being larger than the farms they supply.

The threat from new entrants depends on a number of factors in the market; entry and operating costs when operating on a large scale can be significant, operating on a single type of product or on a smaller scale. As buyer loyalty is low, new entrants do present a reasonable threat within the market if they offer a beneficial product.

The only substitute in this market is homegrown produce; this is a legitimate possibility, however, this takes time, land and expertise, along with significant amounts of work. The quality of this produce may also not be comparable to the professionally produced goods.

Buyer power

Figure 8: Drivers of buyer power in the agricultural products market in Chile, 2017



Numerous buyers are present in the agricultural products market owing to the wide range of produce available. Some of the major buyers of market ready produce, such as fruit and vegetables, include supermarkets such as Cencosud, Walmart-Chile and Falabella. The major buyers of products requiring processing, such as cereal grain, are wholesale dealers and food processing companies.

Through bulk purchasing, large supermarket chains are able to negotiate low prices. Contractual arrangements between market players and the large supermarkets they supply typically favor the interests of the latter; buyer power is enhanced considerably by the resultant low switching costs. As buyers have a number of options to choose from for their produce, this increases the buyer power as they can negotiate their prices. Buyers who can obtain the most produce for the lowest price are able to produce greater profits.

A relatively low level of product differentiation also drives up buyer power, although producers might offer fair-trade, organic, or locally sourced products in order to mitigate this effect to some extent. Buyer power is also limited somewhat because the prices for many agricultural commodities are set on global exchanges. Here, producers can hedge in order to cushion the impact of price fluctuations and therefore limit buyers' leverage over them in the face of downward price pressure.

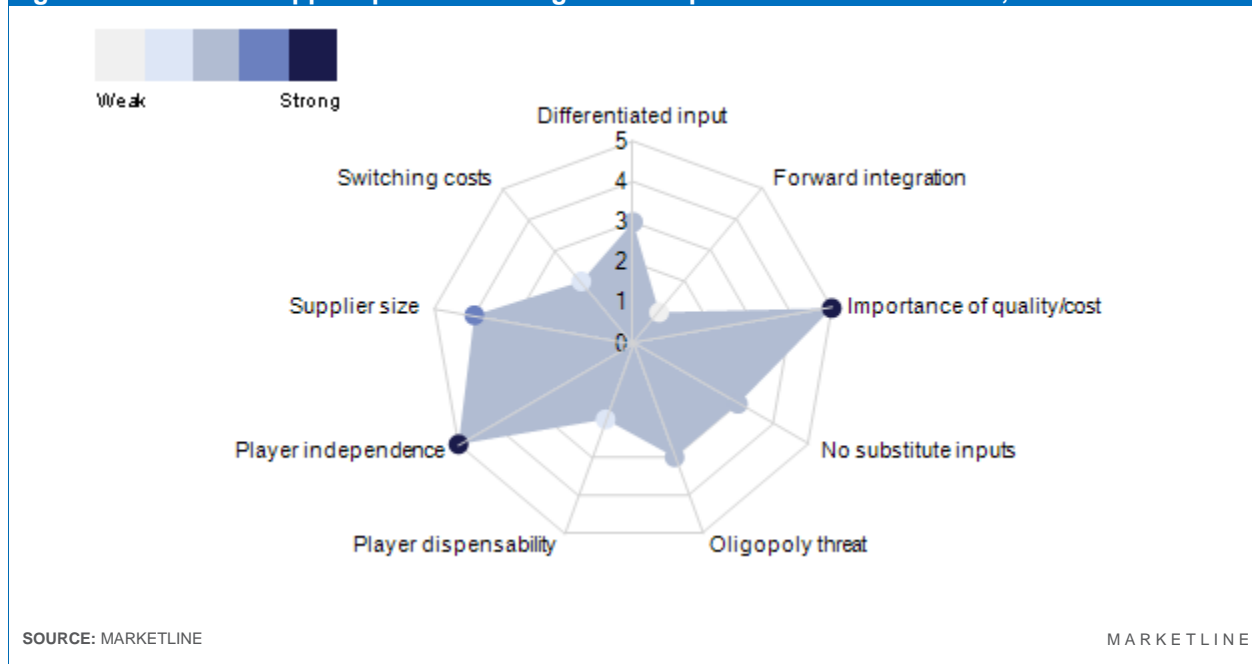
Forward integration may also be possible for farmers who sell fresh fruit and vegetables direct to consumers through a farm-store outlet. In many markets, consumers are willing to pay higher prices for local and organic produce as it is seen as more ethical and beneficial for the environment. As these practices currently operate on a small scale, however, they are unlikely to have any significant effect on large buyers. The buyer is in essence dictating this market, as they have the power to not purchase from specific players in the market. This in turn reduces their profits and financial power which then means they are less able to purchase new equipment from the suppliers. If players grow produce which is not deemed to be 'customer worthy', this will not be taken by the buyers and could cause the buyers to reconsider their contracts with the supplier, thereby strengthening buyer power.

In some sections of the market, buyer power will probably not be as strong in the near future as it has been of late. Chilean cherries have expanded rapidly as an export product over recent years, and in 2018 are said to be rivaling table grapes, a product that traditionally is the biggest export fruit. The Minister of Agriculture, Antonio Walker, stated that while the growth in cherry exports – much of which has come as a result of Chinese demand – has been high, the country should not become dependent upon one major buyer. The minister was keen to argue in favour of a diversity of buyers. Whilst diversification to Brazil, Europe and Asian markets outside of China will result in lower income over the short-term, the strategy does have long-term benefits regarding the stability of sales. As such, the biggest Chinese buyers will not be able to exert as much influence upon Chilean sellers as the current level of demand would suggest is possible.

Overall, buyer power is assessed as strong.

Supplier power

Figure 9: Drivers of supplier power in the agricultural products market in Chile, 2017



Strong demand for farming in Chile has led to growing demand for agricultural machinery, fertilizers, and other inputs to the agricultural products market, driving up supplier power.

Large chemical companies manufacture and supply most fertilizer products. Producers' size, and the high demand for such products, both work to increase supplier power. As suppliers are required to pass on their product, they are to an extent at the mercy of the buyers and as such the supplier power is reduced. Players in the market need to balance the pressure from suppliers for their products and also the buyers who have the right to reject their produce if they deem it to not be 'customer worthy'. This puts the players at risk and therefore could rebound back to the suppliers who are attempting to sell their products; if the players are not profiting enough from selling their produce to the buyers, they have less financial backing to support purchases from the suppliers.

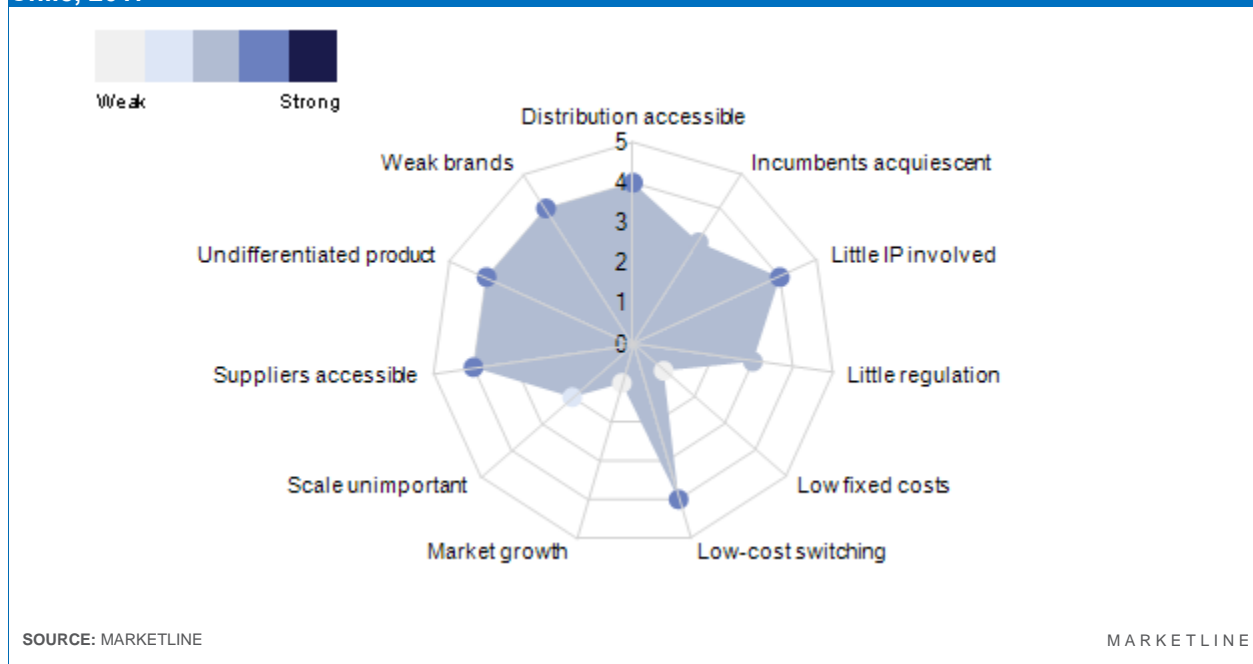
On the other hand, fertilizer products typically lack differentiation and are relatively simple chemicals; a fairly consistent quality is available from a large number of suppliers. Moreover, production costs for fertilizers are highly dependent on input prices, and these can be volatile. For example, the price of nitrogen-based fertilizers such as ammonia and ammonium nitrate has fluctuated recently in line with natural gas prices. These trends work to undermine supplier power.

Market players have some alternatives to traditional suppliers. Organic farming practices eliminate the use of artificial fertilizer products, for example. As well, in many western countries the popularity of organic products and production processes is rising, increasing the pressure felt by traditional chemical companies supplying the agricultural products market.

Overall, supplier power in the agricultural products market is moderate.

New entrants

Figure 10: Factors influencing the likelihood of new entrants in the agricultural products market in Chile, 2017



The purchase of arable land, machinery and the provision of working capital to sustain initial operations are typically needed to enter the agricultural products market.

High operating costs pose a significant entry barrier; large scale operations leverage economies of scale in order to remain profitable, but due to the high cost of land and equipment, it is difficult for small scale farmers to develop into fully fledged agribusinesses.

The entrance of players deemed suitably qualified is eased somewhat by the existence of loans, which can be obtained due to the lucrative nature of the agricultural products market. The low level of differentiation between most agricultural products means it is relatively easy for new entrants to get their product to market. Additionally, brand loyalty is low, meaning market players are free to source products from an array of suppliers. New entrants might also choose to focus on a particular product or crop in order to ease their move into the market. All this increases the likelihood of new entrants.

In Chile, agricultural demand is quite varied owing to the country's geography, as well as its climate and geological factors. Historically, agriculture was seen as one of Chile's most important sectors, along with logging and fishing. The current Chilean economy from agriculture only accounts for approximately 4.3% of GDP and provides less than 10% of employment. A major strength of the Chilean agriculture legislation and restrictions is that it has prevented certain diseases, such as mad cow disease, from entering Chile. The geographical location of Chile in the Southern Hemisphere means this has different harvesting times than the Northern Hemisphere and therefore allows a competitive advantage during the months that the Northern Hemisphere is unable to produce a harvest. This could entice new entrants into the market from the Northern Hemisphere so they can generate produce throughout the year.

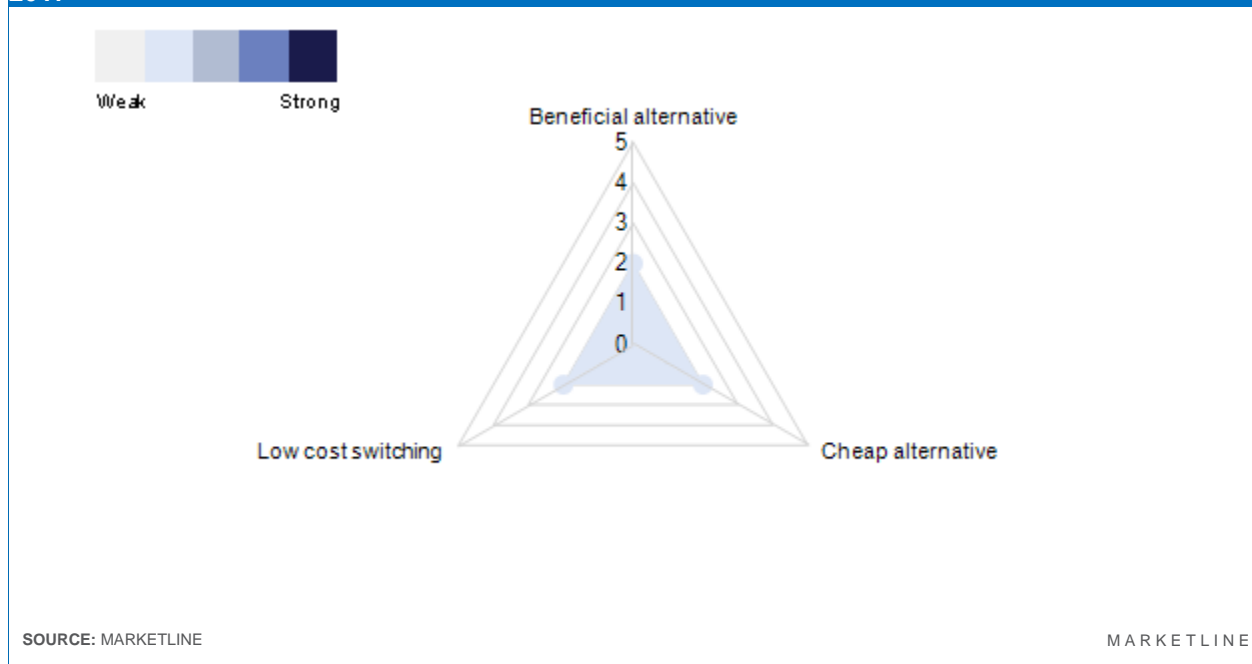
The threat of new entrants is stronger than many other countries, due in large part to the success of fruit exports, especially to China and the US. Although 2017's overall production of fruit fell by 2% and exports to its largest export destination, the US, fell by 5.6%, the broader outlook is positive and will attract new entrants. Overall, fruit exports are up, and countries such as China have made Chilean cherries a sought after product. Given the fact that the leading countries Chilean fruit is exported to are growing and are experiencing wage growth, the outlook for the agricultural products market overall is bright thanks to fruit exports.

Chile, as is the case in many other countries, has legislation specific to food and to agricultural produce, this could deter new entrants into this market. It is also a strong possibility that new entrants will be deterred from entering this market as legislation and financial requirements are potentially going to become stricter owing to the introduction of GM crops. Chile is a global leader in the production of GM seeds, but makes them strictly off-limits to domestic farmers, creating them for export only.

Overall, the threat from new entrants is assessed to be moderate.

Threat of substitutes

Figure 11: Factors influencing the threat of substitutes in the agricultural products market in Chile, 2017



There are no truly threatening substitutes to agricultural producers' output. Produce such as fruit, vegetables, wheat, sugar, potatoes and rice form a stable and important part of most people's diets. As such, buyers can be confident that consumer demand will remain strong.

That being said, on a small scale, some end users might choose to grow their own fruit and vegetables, and become self-sufficient. This process is costly, has a high labor demand, and is also difficult to manage when inexperienced. However, switching costs are high here. If individuals want to switch to self-sufficient farming, this is generally completed on a much smaller scale, so the benefits from this in relation to the work input could be significantly lower than a large scale process, allowing both self-sufficiency and also the selling of produce for a profit.

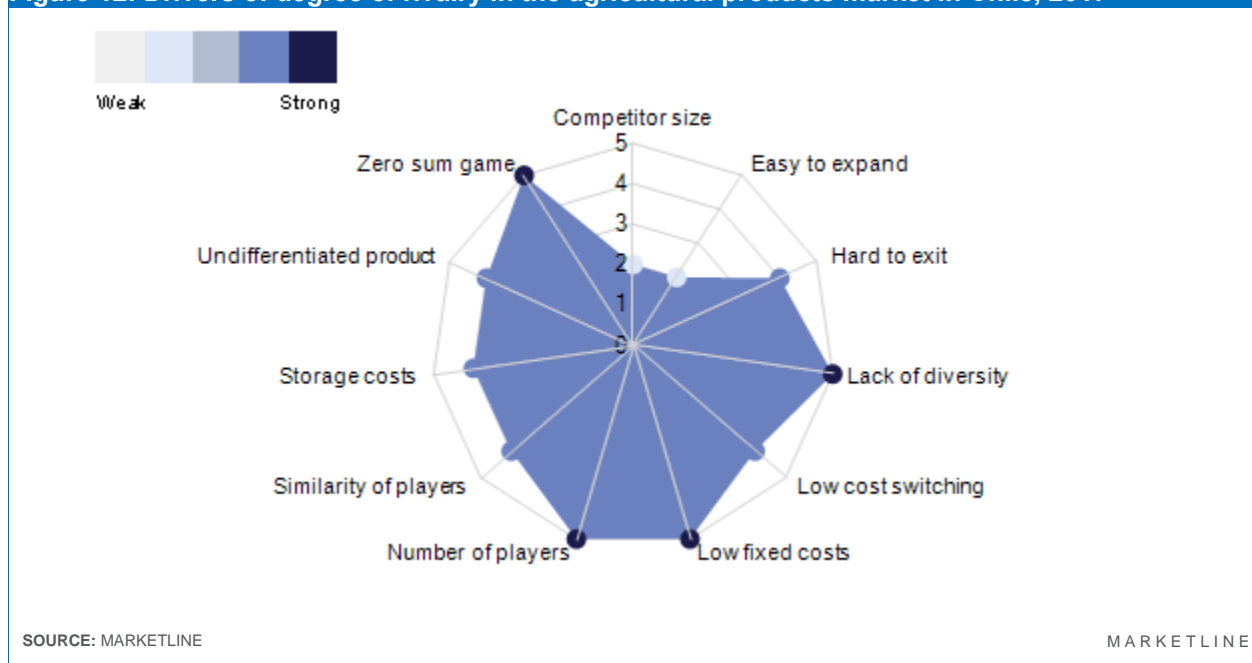
Subsistence level farming is time consuming, requires some degree of specialist knowledge, and brings with it the cost of purchasing seeds, fertilizer, gardening products, and so on. Moreover, many people do not have the land required to make this a viable option. The quantity and quality of the end product is not guaranteed.

Even those who make a success of this approach are unlikely to be able to grow all of the food they need; other crops and products which depend on different environments or more complex or labor intensive production processes will still have to be bought.

Overall, the threat from substitutes is weak in this market.

Degree of rivalry

Figure 12: Drivers of degree of rivalry in the agricultural products market in Chile, 2017



Although large co-operative farming companies do exist in many countries, most players within the agricultural products market are independent farms, rated as small to medium sized businesses.

Players within the Chilean agricultural products market range from small, individually owned farms, to large consolidated corporations. The presence of large incumbent market players works to drive up rivalry. Individual operators in this market compete primarily for supply contracts, especially those with large supermarkets. The importance of these large buyers to market players increases rivalry in this market further. Rivalry is also increased by the low differentiation between producers; where differentiation does exist, it is typically down to quality of produce.

The land, machinery, equipment and other inputs into the agricultural products market can be expensive. Operating and exit costs are therefore high, particularly at the upper end of the market. This drives up rivalry between players.

Rivalry has experienced significant strengthening of late because of a rapid growth in volume in 2016, which was met with only a small expansion in market value. Although in 2017 volume declined quicker than value did, the fact that a decline in value occurred suggests rivalry remains strong. The market is predicted to grow in terms of value, while volume is predicted to be largely stagnant. The expansion in value will be helped by a prosperous export market that is likely to grow at a healthy rate on a long-term basis.

The growth in production over the past five years has been helped by growth in disposable income and a relatively low birth rate. Consumer demand for organic food is growing, and many people are willing to pay more to get it. On average, Chileans spend 23.4% of their income on food – a figure that is forecast to grow. This should help farmers to produce more volume over the coming years by boosting sales, reducing rivalry.

Overall, rivalry in this market is assessed as strong.

LEADING COMPANIES

Dole Food Company Inc

Table 7: Dole Food Company Inc: key facts

Head office:	PO Box 5700, Thousand Oaks, California, USA
Telephone:	1 800 356 3111
Website:	www.dole.com
SOURCE: COMPANY WEBSITE	
MARKETLINE	

Dole Food Company, Inc. (Dole) grows, processes, distributes and markets fresh fruits and vegetables. The company markets products to wholesale, retail and institutional customers in over 90 countries across the world.

The company's products are classified into three categories: Fresh Vegetables, Fresh Fruits, and Salads

Under the Fresh Vegetables category, the company offers various fresh vegetables including potatoes, sweet potatoes, onions, radish, lettuce, mushrooms, celery, cauliflower, broccoli, carrots, sprouts and asparagus, among others.

Under the Fresh Fruits category, the company offers berries, oatmeal, and other fruits. Its portfolio includes bananas under the DOLE brand, as well as pineapples, and exports diversified fruits, such as grapes, citrus, apples, pears, cherries, blueberries, stone fruits, and kiwifruit.

Under Salads, Dole offers chopped salads, salad blends, salad kits and slaw. It also offers chopped salad kits such as chopped sunflower crunch, chopped sesame Asian salad kits, chopped chipotle and cheddar salad kit, chopped BBQ ranch salad kit, and chopped summer garden blend kit, among others. Additionally, the company offers various salad mixes including spring mix and baby spinach blend bag, spring mix and baby spinach blend clamshell. Its salad blends are available in various varieties such as American blend, Arugula, chopped Romaine, classic Romaine, Mediterranean blend, Italian blend, leafy Romaine.

The company also offers organic products including organic celery, organic bananas, organic baby spinach and arugula, organic apple Dijon kit, organic baby spinach, organic kale mix, organic Caesar kit, organic super spinach and organic pineapple. The company classified its geographical operations into four segments: North America, Latin America and Caribbean, Europe, Africa, and the Middle East, and Asia.

Dole operates 11 packing and cold storage facilities in Chile. It also operates a fresh-cut salad plant and a small local fruit distribution company in Chile including a value-added vegetable facility in Costa Rica. The company operates three banana ripening distribution centers in Sweden, one in Germany, one in Austria and two in Italy including two salad and vegetable plants in Helsingborg, Sweden and Helsinki, Finland. Through Dole Ocean Cargo Express, the company provides service to commercial customers on Dole's vessels. The company's other unit Dole Plantation is one of Oahu's popular visitor attractions and attracts over one million visitors a year. The Dole Nutrition Institute (DNI) provides scientifically-validated information on nutrition and health through the Dole Nutrition News, social media, and educational materials. The Dole Nutrition Research Lab is located in Kannapolis, North Carolina, the US.

Key Metrics

As a private company, Dole Food is not required to publish its financial information.

Hortifrut SA

Table 8: Hortifrut SA: key facts

Head office:	Av. Del Condor 600, Santiago, Huechuraba, Región Metropolitana, CHL
Telephone:	56 224792600
Website:	www.hortifrut.com
Financial year-end:	December
Ticker:	HF
Stock exchange:	Santiago

SOURCE: COMPANY WEBSITE

MARKETLINE

Hortifrut is a grower and marketer of berries in Chile. The company's products include strawberries, raspberries, blueberries, blackberries, red currants, physalis, and murtillas, along with frozen berries, dried berries and snacks.

Hortifrut markets its products in North America, Europe, South America, the Middle East, and Asia and it became publically listed on the Santiago stock exchange in July 2012.

The company was founded in 1983 and is based in Santiago, Chile.

Key Metrics

The company recorded revenues of \$388 million in the fiscal year ending December 2017, a decrease of 9.0% compared to fiscal 2016. Its net income was \$28 million in fiscal 2017, compared to a net income of \$31 million in the preceding year.

Table 9: Hortifrut SA: key financials (\$)

\$ million	2013	2014	2015	2016	2017
Revenues	257.5	333.6	348.9	426.8	388.3
Net income (loss)	18.9	23.2	16.7	31.0	27.7
Total assets	419.7	450.5	470.9	546.0	572.7
Total liabilities	232.1	254.6	265.8	316.6	329.1

SOURCE: COMPANY FILINGS

MARKETLINE

Table 10: Hortifrut SA: key financial ratios

Ratio	2013	2014	2015	2016	2017
Profit margin	7.3%	7.0%	4.8%	7.3%	7.1%
Debt/asset ratio	55.3%	56.5%	56.4%	58.0%	57.5%
Return on assets	9.0%	5.3%	3.6%	6.1%	5.0%

SOURCE: COMPANY FILINGS

MARKETLINE

Figure 13: Hortifrut SA: revenues & profitability

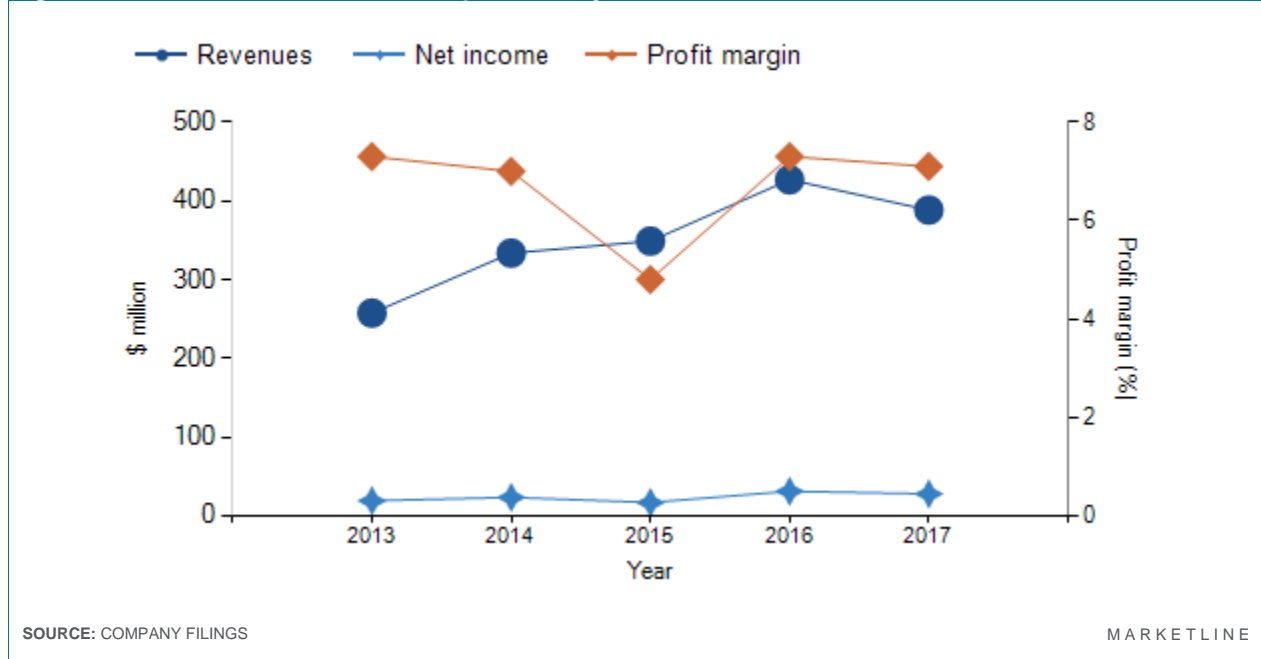
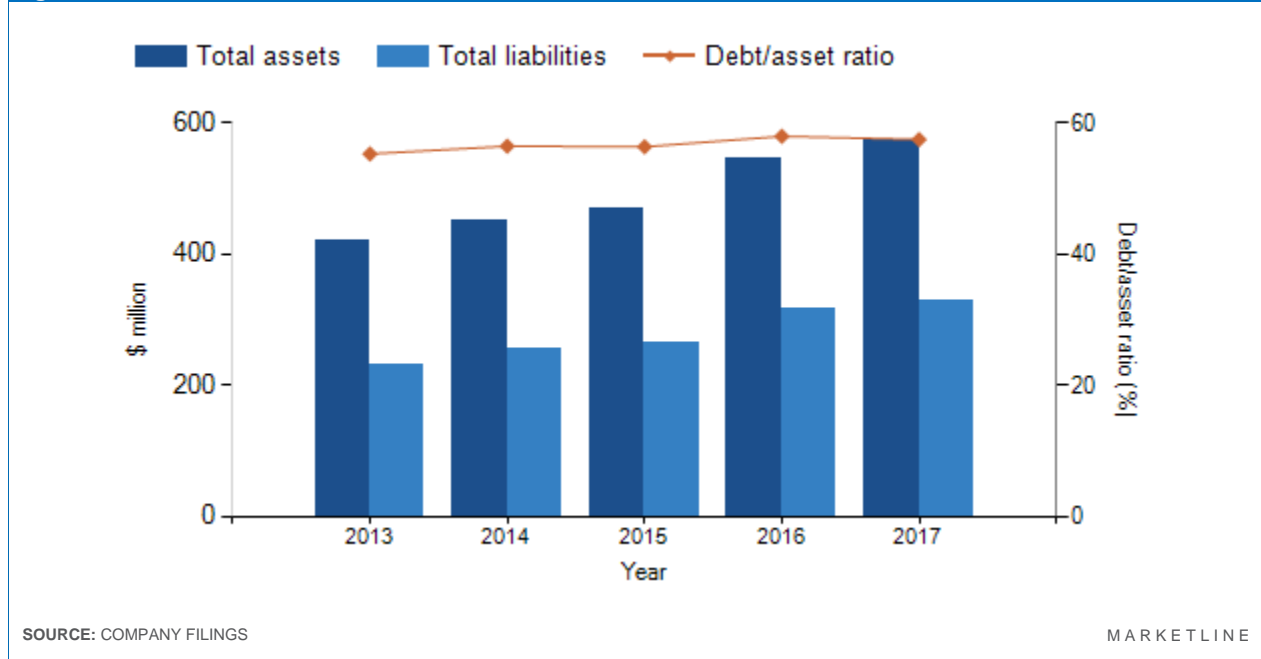


Figure 14: Hortifrut SA: assets & liabilities



KWS SAAT SE

Table 11: KWS SAAT SE: key facts

Head office:	Grimsehlstrasse 31, Einbeck, Sachsen-Anhalt, DEU
Telephone:	49 5561 3110
Fax:	49 5561311322
Website:	www.kws.com
Financial year-end:	June
Ticker:	KWS
Stock exchange:	Frankfurt
SOURCE: COMPANY WEBSITE	
MARKETLINE	

KWS SAAT SE (KWS) is a Germany-based seed company for farmers. The company provides a range of agricultural products such as sugar beet; corn; cereals such as wheat, hybrid rye and barley; oil seeds such as oil seed rape and sunflower; and potatoes for various utilization purposes. KWS operates in Europe, the Americas, and Asia.

The company operates its business through four segments: Sugarbeet, Corn, Cereals and Corporate.

KWS's Sugarbeet segment is engaged in the multiplication, processing and distribution activities of sugar beet seeds and seed potatoes. The company operates the Sugarbeet segment through its 17 foreign subsidiaries and affiliated companies, and two subsidiaries in Germany.

The company operates the Corn segment through its subsidiary, KWS MAIS. It is engaged in production and distribution activities that relate to corn for grain and silage corn and to oil and field seed. The company operates the segment through one German company and 15 foreign subsidiaries.

KWS's Cereals segment is engaged in the production and distribution of hybrid rye, wheat and barley, as well as oil and field seed. KWS primarily operates the cereals segment through its subsidiary, KWS LOCHOW GmbH, along with other four foreign subsidiaries and affiliated companies in France, the UK, and Poland.

In addition, the Corporate segment is engaged in the research and development activities of the company.

Geographically, the company classifies its operations into four segments, namely Germany, Europe (excluding Germany), North and South America, and Rest of the World.

The company's other subsidiaries include the following: AgReliant Genetics Inc.; KWS Argentina S.A.; KWS Lochow GmbH; KWS Benelux B.V.; KWS Brasil Participacoes Ltda; AgReliant Genetics, LLC; KWS Chile Ltd; KWS Srbija D.O.O.; KWS Ukraine T.O.W.; and KWS UK Ltd.

Key Metrics

The company recorded revenues of \$1,214 million in the fiscal year ending June 2017, an increase of 3.7% compared to fiscal 2016. Its net income was \$110 million in fiscal 2017, compared to a net income of \$96 million in the preceding year.

Table 12: KWS SAAT SE: key financials (\$)

\$ million	2013	2014	2015	2016	2017
Revenues	1,295.5	1,330.3	1,113.5	1,170.8	1,214.2
Net income (loss)	100.4	87.1	94.9	96.3	110.3
Total assets	1,376.2	1,426.0	1,509.9	1,622.3	1,688.5
Total liabilities	642.6	705.9	675.8	755.1	743.6
Employees	3,581	4,443	4,691	4,843	4,937

SOURCE: COMPANY FILINGS

MARKETLINE

Table 13: KWS SAAT SE: key financials (€)

€ million	2013	2014	2015	2016	2017
Revenues	1,147.2	1,178.0	986.0	1,036.8	1,075.2
Net income (loss)	88.9	77.1	84.0	85.3	97.7
Total assets	1,218.7	1,262.8	1,337.1	1,436.6	1,495.2
Total liabilities	569.0	625.1	598.4	668.7	658.5

SOURCE: COMPANY FILINGS

MARKETLINE

Table 14: KWS SAAT SE: key financial ratios

Ratio	2013	2014	2015	2016	2017
Profit margin	7.7%	6.5%	8.5%	8.2%	9.1%
Revenue growth	16.3%	2.7%	(16.3%)	5.2%	3.7%
Asset growth	11.6%	3.6%	5.9%	7.4%	4.1%
Liabilities growth	16.3%	9.9%	(4.3%)	11.7%	(1.5%)
Debt/asset ratio	46.7%	49.5%	44.8%	46.5%	44.0%
Return on assets	7.7%	6.2%	6.5%	6.2%	6.7%
Revenue per employee	\$361,770	\$299,410	\$237,361	\$241,756	\$245,937
Profit per employee	\$28,035	\$19,596	\$20,221	\$19,890	\$22,347

SOURCE: COMPANY FILINGS

MARKETLINE

Figure 15: KWS SAAT SE: revenues & profitability

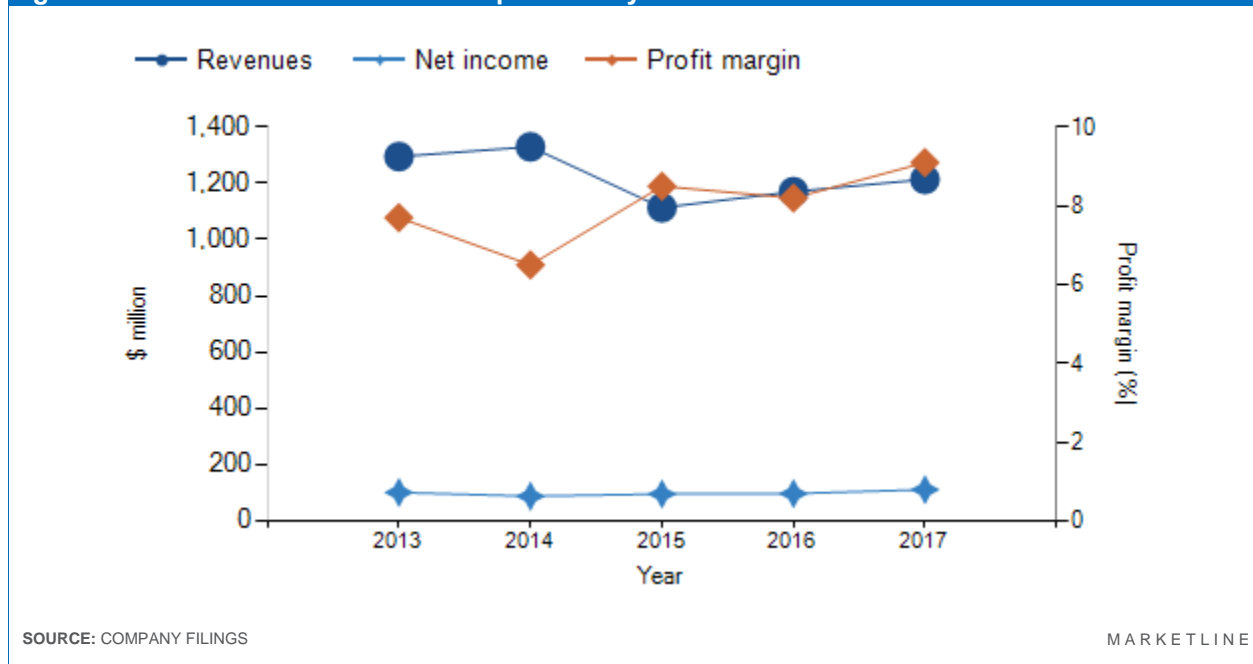
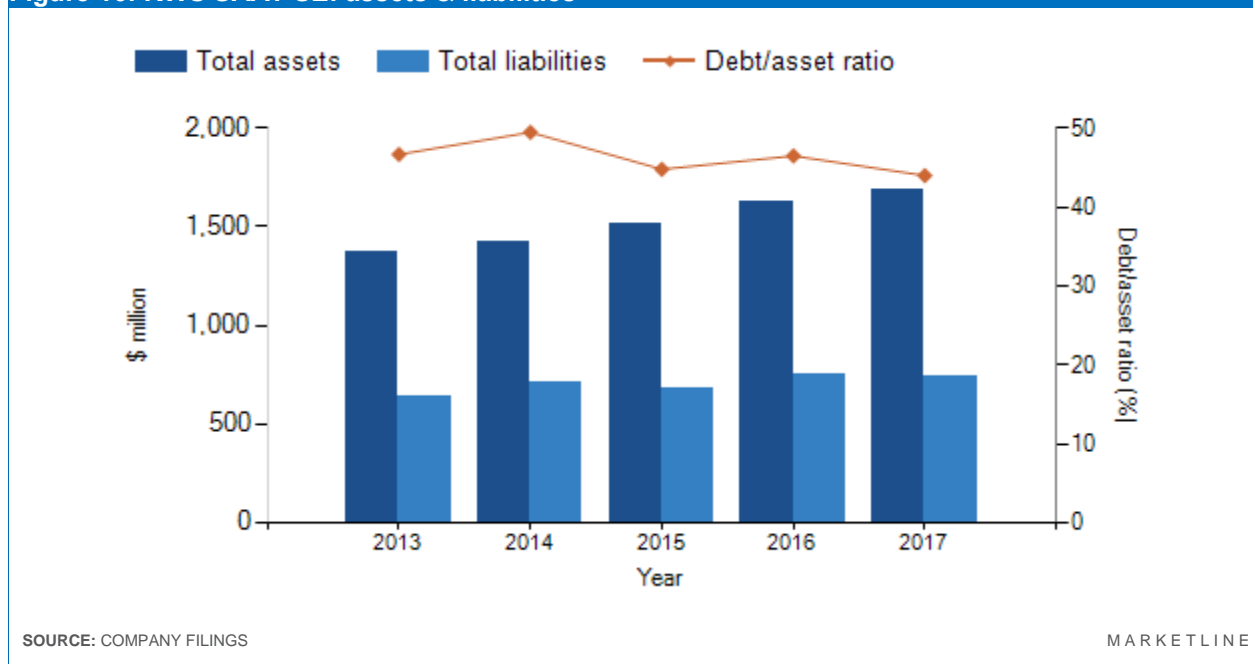


Figure 16: KWS SAAT SE: assets & liabilities



MACROECONOMIC INDICATORS

Country data

Table 15: Chile size of population (million), 2013–17

Year	Population (million)	% Growth
2013	17.6	0.9%
2014	17.7	0.9%
2015	17.9	0.9%
2016	18.0	0.8%
2017	18.1	0.8%

SOURCE: MARKETLINE

MARKETLINE

Table 16: Chile gdp (constant 2005 prices, \$ billion), 2013–17

Year	Constant 2005 Prices, \$ billion	% Growth
2013	171.8	4.1%
2014	175.0	1.9%
2015	180.5	3.1%
2016	187.2	3.7%
2017	195.0	4.2%

SOURCE: MARKETLINE

MARKETLINE

Table 17: Chile gdp (current prices, \$ billion), 2013–17

Year	Current Prices, \$ billion	% Growth
2013	277.0	4.0%
2014	263.9	(4.7%)
2015	281.6	6.7%
2016	300.1	6.6%
2017	321.1	7.0%

SOURCE: MARKETLINE

MARKETLINE

Table 18: Chile inflation, 2013–17

Year	Inflation Rate (%)
2013	1.8%
2014	4.4%
2015	3.4%
2016	2.5%
2017	3.1%

SOURCE: MARKETLINE

MARKETLINE

Table 19: Chile consumer price index (absolute), 2013–17

Year	Consumer Price Index (2005 = 100)
2013	130.9
2014	136.7
2015	141.3
2016	144.9
2017	149.4

SOURCE: MARKETLINE

MARKETLINE

Table 20: Chile exchange rate, 2013–17

Year	Exchange rate (\$/CLP)	Exchange rate (€/CLP)
2013	495.2650	658.2530
2014	570.2240	756.4650
2015	654.2230	725.8659
2016	676.7280	748.9640
2017	647.7712	732.7369

SOURCE: MARKETLINE

MARKETLINE

METHODOLOGY

MarketLine Industry Profiles draw on extensive primary and secondary research, all aggregated, analyzed, cross-checked and presented in a consistent and accessible style.

Review of in-house databases – Created using 250,000+ industry interviews and consumer surveys and supported by analysis from industry experts using highly complex modeling & forecasting tools, MarketLine's in-house databases provide the foundation for all related industry profiles

Preparatory research – We also maintain extensive in-house databases of news, analyst commentary, company profiles and macroeconomic & demographic information, which enable our researchers to build an accurate market overview

Definitions – Market definitions are standardized to allow comparison from country to country. The parameters of each definition are carefully reviewed at the start of the research process to ensure they match the requirements of both the market and our clients

Extensive secondary research activities ensure we are always fully up-to-date with the latest industry events and trends

MarketLine aggregates and analyzes a number of secondary information sources, including:

- National/Governmental statistics
- International data (official international sources)
- National and International trade associations
- Broker and analyst reports
- Company Annual Reports
- Business information libraries and databases

Modeling & forecasting tools – MarketLine has developed powerful tools that allow quantitative and qualitative data to be combined with related macroeconomic and demographic drivers to create market models and forecasts, which can then be refined according to specific competitive, regulatory and demand-related factors

Continuous quality control ensures that our processes and profiles remain focused, accurate and up-to-date

Industry associations

International Federation of Agricultural Producers

60 rue Saint-Lazare, 75009 Paris, FRA

Tel.: 33 1 4526 0553

Fax: 33 1 4874 7212

www.ifap.org

International Food and Agribusiness Management Association

IAMA Business Office 333 Blocker Building 2124 TAMU College Station, Texas 77843-2124, USA

Tel.: 1 979 845 2118

Fax: 1 979 862 1487

www.ifama.org

Related MarketLine research

Industry Profile

Agricultural Products in France

Agricultural Products in Europe

Global Agricultural Products

Agricultural Products in the United Kingdom

Agricultural Products in Italy

APPENDIX

About MarketLine

In an information-rich world, finding facts you can rely upon isn't always easy. MarketLine is the solution.

We make it our job to sort through the data and deliver accurate, up-to-date information on companies, industries and countries across the world. No other business information company comes close to matching our sheer breadth of coverage.

And unlike many of our competitors, we cut the 'data padding' and present information in easy-to-digest formats, so you can absorb key facts in minutes, not hours.

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Our dedicated research professionals aggregate, analyze, and cross-check facts in line with our strict research methodology, ensuring a constant stream of new and accurate information is added to MarketLine every day.

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