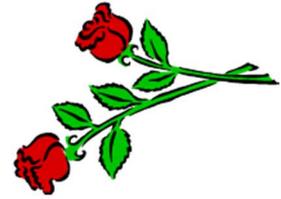


Market Dynamics

Cut Flowers Europe – February 2015

03 March, 2015



The Netherlands

Netherlands Auctions

The January 2014 FloraHolland's turnover of cut flowers decreased by 5.6% compared to the same month last year, realised with a supply increase of 1%, resulting a total average price for all flowers of 20 Euro cents, while it was 22 cents last year.

Better prices for: gerbera, freesia, eustoma, cymbidium orchids and hyacinths.

Lower prices however for: roses, tulips, chrysanthemums, both for the spray types as for the single headed, and lilies.

Finally January turned out to be a negative month when compared to the same month of last year, from point of view of sales and prices. Supplied quantities were considerably bigger.

For instance tulips were supplied with 19% more quantities for 10% lower prices. Also for the other big products such as roses, lilies, gypsophila and chrysanthemum prices were lower.

To the contrary gerberas, both big headed and mini, were more expensive.

Many smaller products fetched higher prices as well.

As reported before, the tulips season started early this year, and therefore supplied quantities were by far bigger during November, December and January. It will most probably lead to earlier termination of the season, and expected that towards the end of the season quantities will be lower, while prices might become higher. As from the very end of January, and further throughout February supplied tulip quantities came to the normal level of previous years. Prices went up, but with some 15 cents average, they were not really so high.

Throughout the first week of February the market started to gradually improve, mainly due to the approaching Valentine's Day. During the second week of the month the real Valentine's business took place. Due to the fact that the Valentine's Day was on a Saturday the most important week was week number 8. Last year most of the business was made in week 7 and 8. Prices in general were this year slightly lower, partly due to the fact that it was Carnival time in the same weekend; and Carnival has a negative impact on cut flower sales, because consumers, in the mood of Carnival, are not thinking of flowers in this particular week.



Towards the very end of the month the market was improving again, as a result of increasing demand for International Woman's Day, taking place on the 8th of March.

Netherlands Importers

The January 2015 Dutch export turnover of cut flowers and potted plants decreased 3.2% compared to the same month last year.

Big differences are noticed between the different countries. Much higher sales turnovers in France (+13%) and Switzerland (+10%); higher turnover also to United Kingdom, Austria, and Poland.

Much lower turnovers for: Italy (-11%), Russia (-31%), Belgium (-9%), and Other Countries (-14%) further with lower percentages also to Germany and Sweden.

January ended up having been a moderate month from point of view of demand, sales and results. Even though purchase prices were not very high, demand was, as said, moderate. Also the weather conditions were not problematic; hardly any night frost or snow, and temperatures were most of the time above zero, till about 5 – 8 degrees Celsius; all positive factors to move and to sell fresh flowers in the open air and in the open markets.

It was reported that most problems originated from the currency fluctuations of the most important currencies during the last half year; currencies such as the Euro, the US Dollar, the Swiss Franc and the Russian rouble. For the exports from the Netherlands this factor turned out to be positive, but for any import products the opposite was true.

During the first week of February the cut flower market was still very slow, the same as during the month of January. However, during the second week, the Valentine's week demand and prices went up; but not to the same high level of the past several years. A negative role played the Carnival, took place in the same weekend, celebrated in many European countries.

After all, Valentine's sales and results turned out to be good and ok, as traders called it, but not super or extra. Per product, quite some differences could be noticed. It was a good market for the exotic products, such as proteas, leucospermum cordifolium, cape greens, and wax flowers, for both the stems with flowers and the green ones (flowers in bud only). Reasonable were results of roses, tulips and hypericum. And relative slow were demand and prices for solidago and gypsophila.

Yet, exporters are optimistic for the market during the coming weeks, when international Woman's Day is going to be celebrated on the 8th of March.



France

As from the beginning of February the cut flower market started improving towards the Saint Valentine's Day at the end of the second week. Valentine's demand and sales was of course much better than a normal week; but when compared to Valentine's Day of many other previous years, this was not as good.

Several reasons could be given for the lower demand and sales: First of all the actual Valentine's Day was in a weekend, which is not the very best for good demand. Secondly, the spring vacations were going on already, and continued during the last two weeks of the month. Thirdly the Carnival fest disturbed the cut flower market in several regions of the

country; not in the big cities as Paris, Lyon and others, but very much in cities in the south as Cannes, Nice and Marseille.

On the supply side of the market enough products were available for reasonable prices. Only the long stem and the medium sized red roses, either originating from Ecuador or from the African countries, were extremely expensive; even too expensive.

Cut foliage, especially leather leaves, originating from Costa Rica and Florida was really scarce and therefore very expensive, already during the past two months.

Some positive hopes are put on another important flower consumption event - Grandmother's Day, taking place on the first of March, normally celebrated with so-called spring flowers like tulips, narcissus, anemones and ranunculi.

Germany

Throughout the first week of February the cut flower market was very slow and quiet. A so-called lull before the storm, as it was always the case. The 'storm' came at the actual Valentine's Day, but not such a heavy storm as normally, and not as expected.

Importers and wholesalers did consider already this expectation, because the actual Valentine's Day took place on a Saturday, when normally companies and schools are closed; and since in Valentine's Day you give your nice wishes or cut flowers on the day itself and not one or two days earlier. So in fact it is a lost day for many people to buy and give flowers or a small bouquet.

Importers and wholesalers sold almost everything to their clients, such as florists, supermarkets and street vendors. However, the final sales of these retail traders to the final consumers was not 100% successful, because many of them were stuck with some leftovers. This had a negative impact on the after sales during the third week of the month. The cut flower market during this week was an absolute slow week for cut flowers.

Throughout the last week of the month the market started improving again, towards the next cut flower consumption event, namely International Woman's Day, taking place on the 8th of March. It was expected that for this event many cut flowers will be sold, but traders are not 100% trustful if all will develop so positively. This day is celebrated mainly in the Eastern European countries and also in the eastern part of Germany. It needs to be seen if all did develop positively. This will be reported in our next report.



Italy

Valentine's cut flower business was very good in the sectors of importers and wholesalers. They finally were sold out. However, the final sales of florists and supermarkets to the end consumers were less successful, and therefore not all flowers were finally sold.

Three important reasons for the not so successful final sales were: the actual Valentine's Day was on a Saturday, the weather during that weekend was very bad with lots of rain and snow in the northern regions, and also the Carnival took place during the same weekend.

On the other hand enough products and quantities were available, especially of roses, either originating from Ecuador or from African countries. Prices did not go up to the extremes and the general quality level of the imported products was very good; hardly or no quality complaints at all, which can be called very positive.

After having been stuck with some leftovers, after sales were not very good. During the third week of February the cut flowers market was nearly dead. No demand and very small sales. Therefore importers had to adjust their imported quantities.

During the fourth week of the month preparations were made for the approaching International Woman's Day, taking place on the 8th of March. It needs to be seen if this important cut flower event is going to be as successful as it was in previous years.

Norway

The month of February has turned out to be a normal month for cut flower and plants business. Even though Mother's Day on the 8th February and Valentine's Day on the 14th took place, the cut flowers turnover and results were satisfactory, but not euphoric or super. Prices in general were slightly lower than during the past years and sold quantities were nearly the same.

Much more African roses were used this year and they were relatively cheaper than the Ecuadorian or the Dutch ones. On the other hand plants, especially the popular phalaenopsis orchids were demanded and sold in much smaller quantities. No extremes this year according to importers and traders. The winter weather was reasonably normal and not extremely cold, enough quantities were available, and the general quality level of the offered products was rather good.



It was also reported that final sales at the florist shops were not so positive, and not everything was sold out. Right after Valentine's Day the so called winter or spring vacations started. During the last 2 weeks of the months consumers therefore purchased fewer flowers.

Spain

During the first half of the month of February the cut flower market could be characterised as quite good and positive. During the first week of the month the market became lively, thanks to the approaching Valentine's Day. Throughout the second week, the actual Valentine's week, the market further improved.

However, it was called reasonable and rather positive. It could be concluded that Valentine's Day 2015 was less good and less successful than the same event in the past years. It was reported that about 10% less quantities of cut flower were finally sold and that the turnovers decreased with the same amount.

The lower demand and sales were caused by several important factors. First of all Valentine's Day in Spain is less big as in many other countries. Secondly the actual Valentine's day was on a Saturday, the day that big companies and schools were closed, and thirdly the economic and financial situation of the state itself and of most of the

consumers is not very good, as it was already the case during the last several years. And fourthly, Carnival took place during the same weekend; and in Carnival times people are not interested in buying flowers.

Right after Valentine's Day the cut flower market really slowed down, during the third and the fourth week of the month. The approaching International Woman's Day is expected not to bring much additional demand, since this event is hardly celebrated in the country.

Sweden

January and February are never the very best months for cut flower demand and sales, except during the Valentine's week. This year was no exception to this tradition. January was even slower this year, with slightly lower turnovers (minus some 10%).

February was positively influenced by good demand and sales of cut flowers for Valentine's Day. However, prices were relatively low with no extreme appearances this year.

Importers and wholesalers did sell nearly everything they had, but finally products in florists' shops and supermarkets were not completely sold. Most of these firms were stuck with some leftovers, which had quite an impact on the after sales during the third and fourth week of the month.

All in all February' final sales, turnovers and results turned out to be reasonably normal when compared to many previous years. After the Valentine's hype it could be concluded that enough quantities were available and that the general quality level, especially of the African roses, was very good. Some quality problems occurred in the Ecuadorian roses, most probably due to too long storage time. Flowers had been without water too long time and therefore it was difficult to recuperate/recondition them. As said, final sales to consumers were not 100% successful; however, it depended very much on the selling place. In certain regions all was sold out, while in other regions they were not.



It needs to be seen how the cut flower market reacts towards International Woman's day taking place on the 8th of March.

Switzerland

During the first two weeks of February the cut flower market was rather slow and quiet, waiting for the big boom of Valentine's Day. Indeed throughout the end of the second week the market really improved considerably. Supplied products originating from the overseas, in particular from Ecuador, Kenya and Ethiopia, were plentiful to meet the Valentine's demand.

Importers reported that they sold nearly everything to wholesalers and florists. Wholesalers reported the same, but florists did not sell everything and so they stayed with some leftovers. After the Valentine's boom it was reported that final Valentine's results ended up positively, but for sure, not super or extra like in many previous years.

As said, enough quantities, especially of roses were available, however from Ecuador longer sizes (90 centimetres) and several colours were not enough supplied. Those missing flowers were most probably rerouted to other destinations, where higher prices could be obtained. As said roses originating from Kenya and Ethiopia were plentifully available for high but reasonable prices.

Other products such as cut greens had a normal demand. The same could be said for gypsophila. However, tropical flowers were not demanded at all, which was not so strange for wintertime (rather mild this year), which is always difficult for those products.

Right after Valentine's Day the cut flowers market became slow again, mainly caused by the leftovers at the florist shops.

United Kingdom

January was a very quiet month in the cut flower market, which was nothing abnormal when compared to many previous years. However, as from the beginning of February the cut flower market was gradually improving towards the Valentine's Day.

It was this year, like always in previous years, a tense period; because all assortment and quantities have to be arranged. This year enough products were available. Due to weak demand from the Russian and Ukrainian markets more roses were available from Ecuador and Colombia, and also from the East African production countries. Purchase prices were not extremely high, but still considerably higher when compared to normal weeks.

All in all Valentine's demand, sales and final results turned out to be reasonable, not super, but as said, rational. Most overseas imported products have become more expensive due to the strong currency fluctuations of the last half year.

For cut flowers originating from the so called US-Dollar countries or with US-Dollar freight costs, flowers have become some 15% more expensive. However, flowers originating from the Netherlands have become cheaper, due to the exchange rate between the English Pound and the Euro.

As from the last days of the fourth week importers, wholesalers and florist were preparing for the approaching International Woman's Day (8 March), and right after - the British Mother's Day (in England called Mothering Sunday) at the 15th.

