

SEKE S.A.

COOPERATIVE UNION OF THE TOBACCO GROWERS OF GREECE



Oriental Market Overview

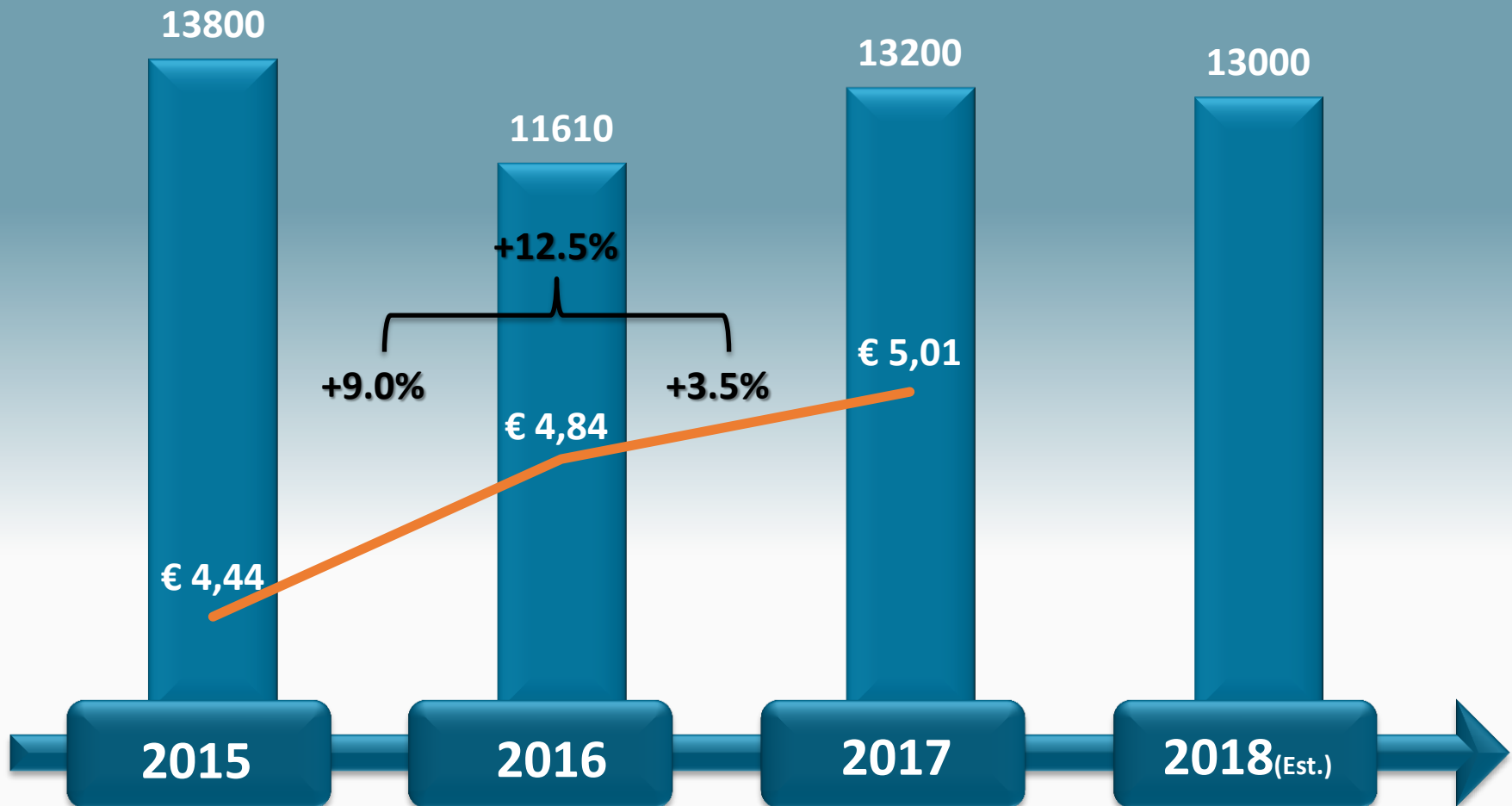
May 30, 2018

Agenda



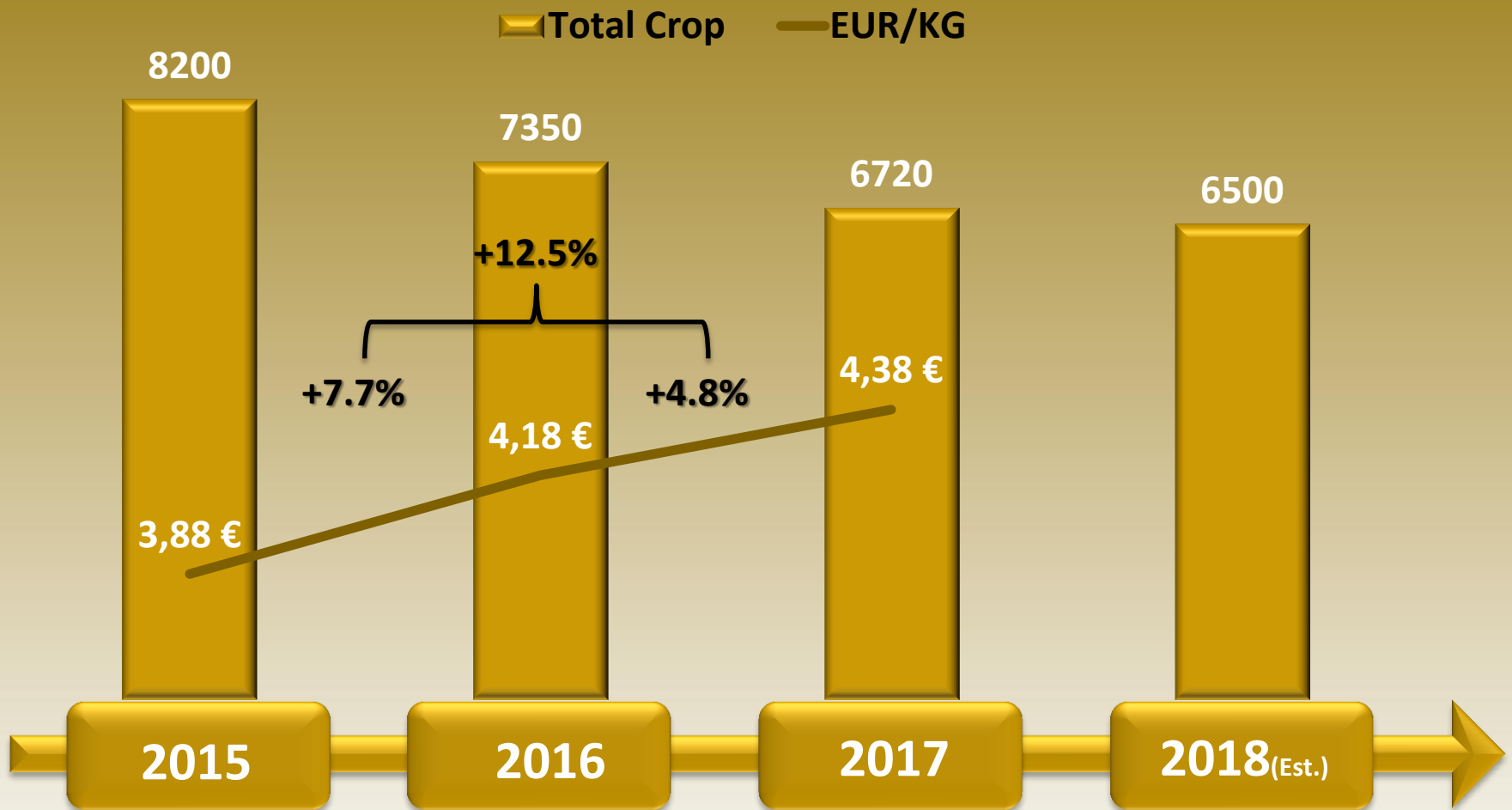
Basma Crop Evolution

■ Total Crop — EUR/KG



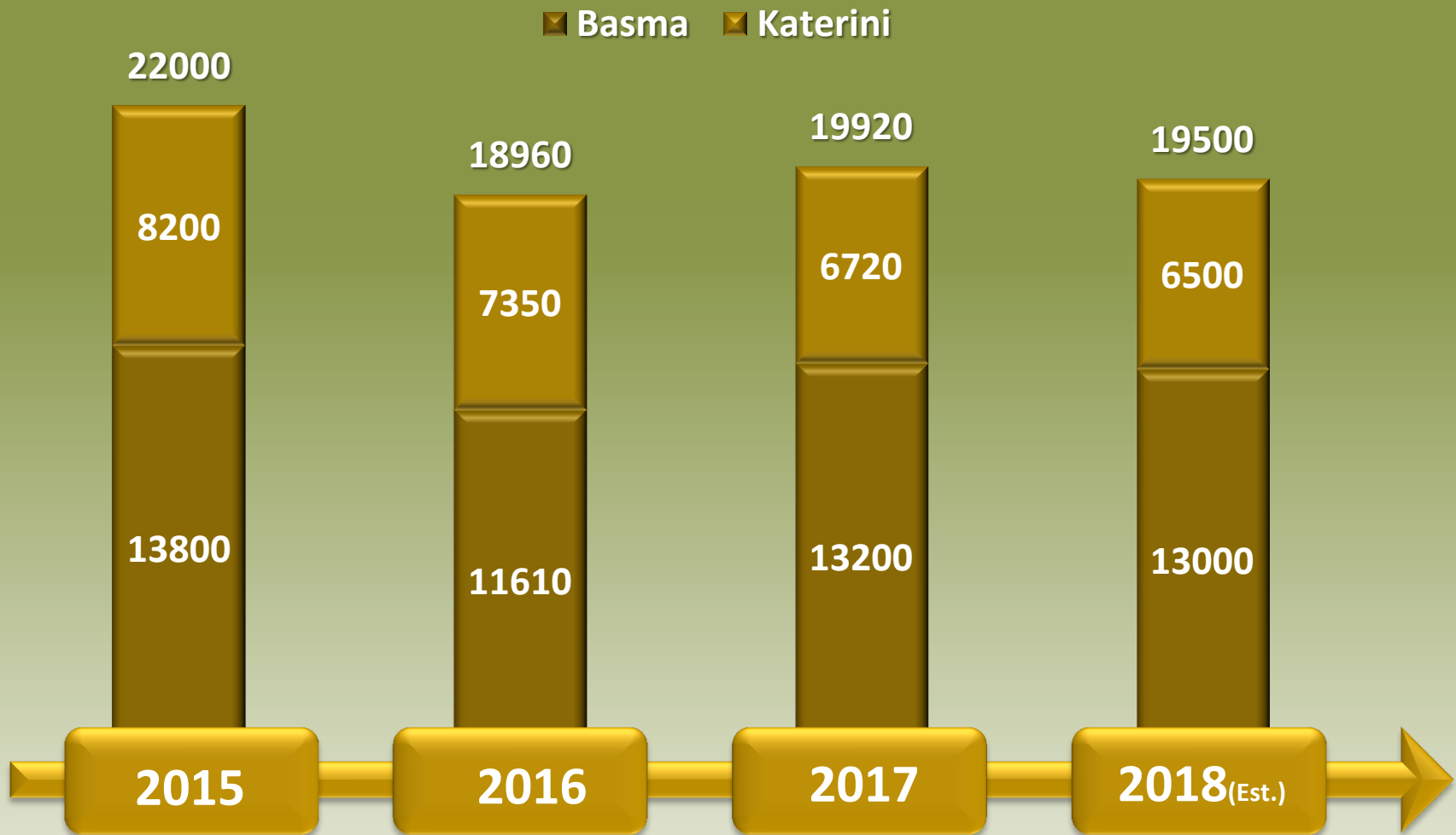
- The increase of the green price maintains the production in consistent level
- Demand remaining stable

Katerini Crop Evolution



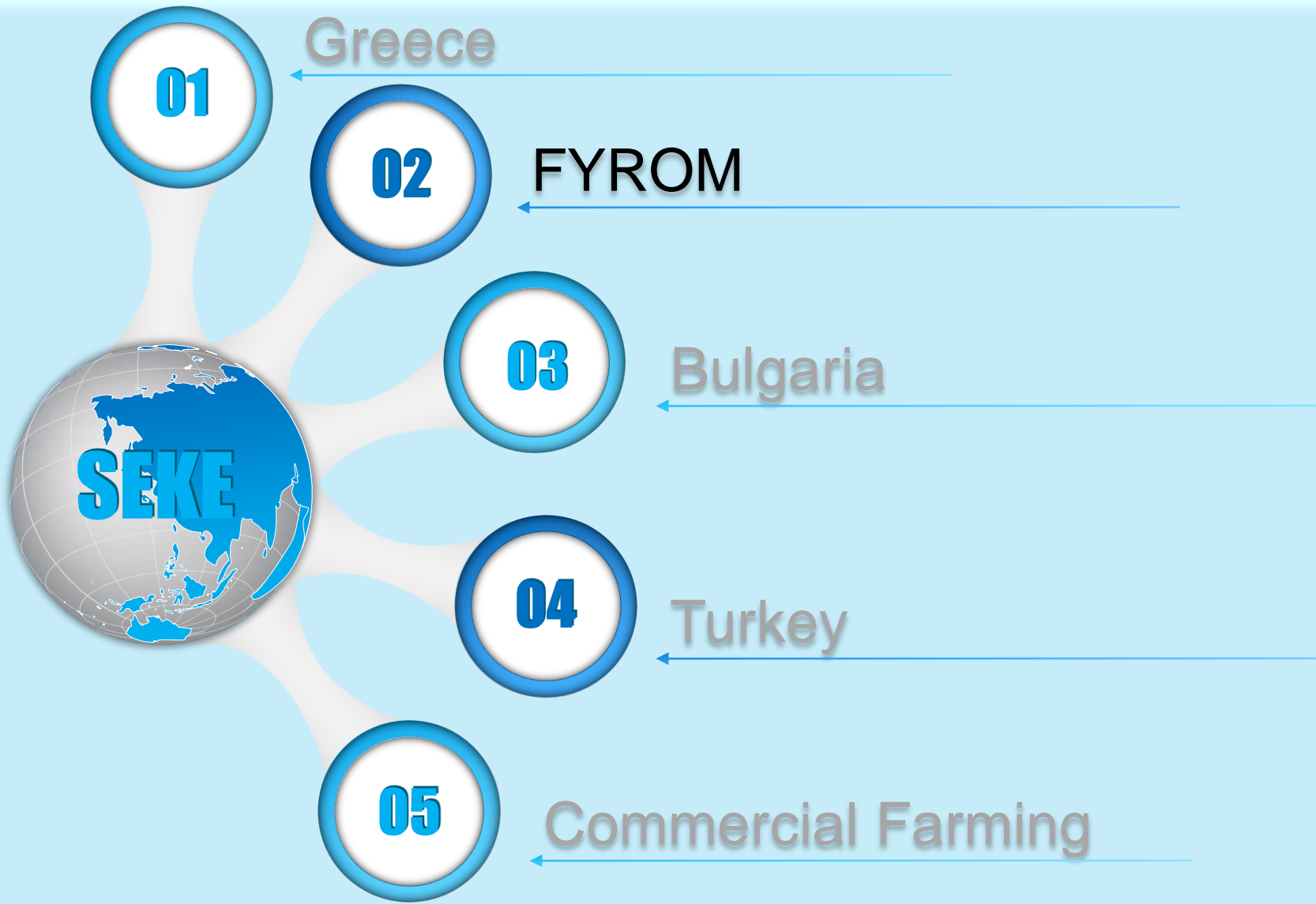
- Even with increased prices, volume decreased and is expected to decrease further, due to the movement of the farmers towards crops with better income for which part of their crop can be sold without official documentation

Greece Total

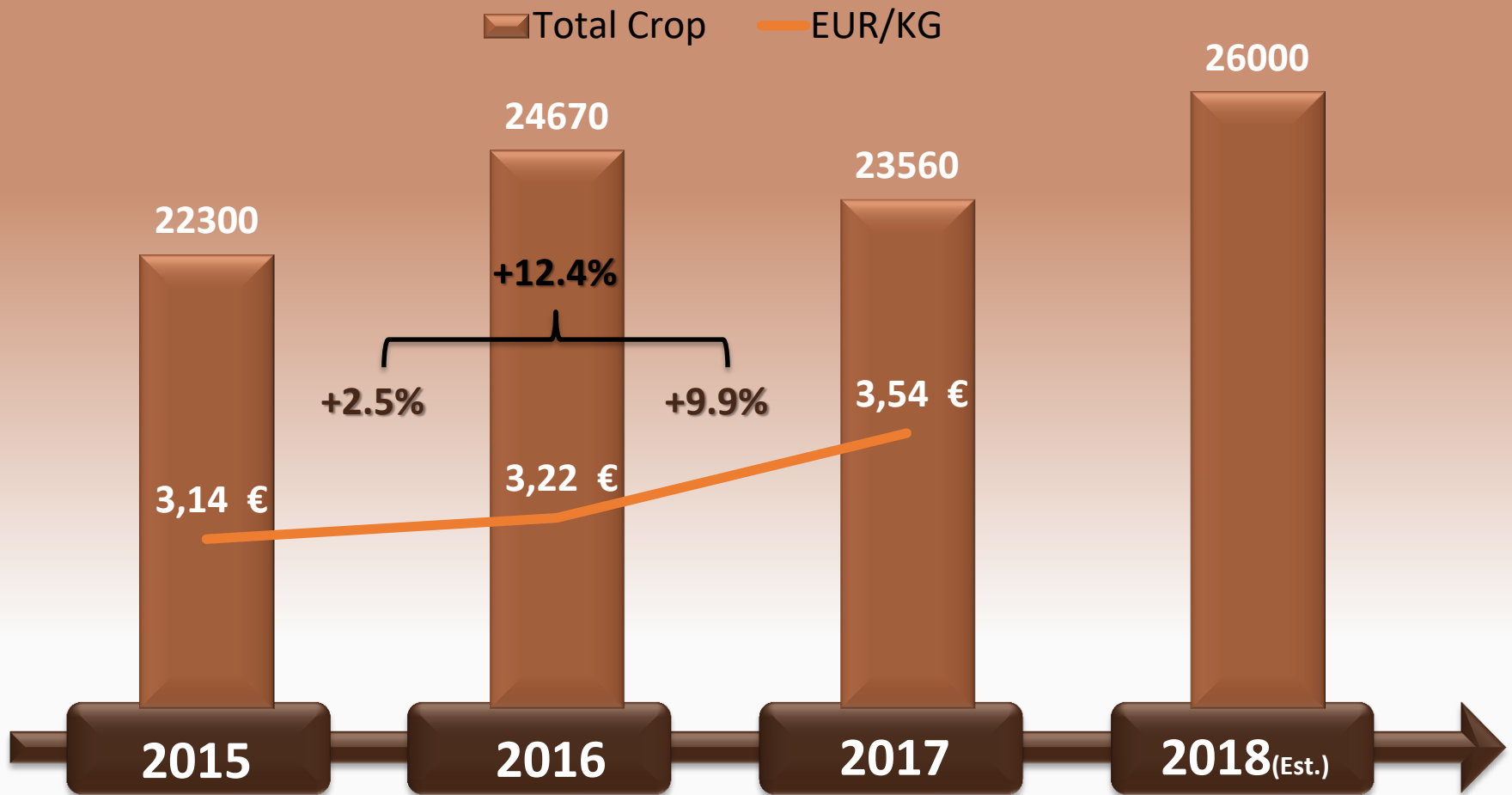


- Basma production expected to remain stable going forward
- The future of Katerini production is uncertain

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Prilep Crop Evolution

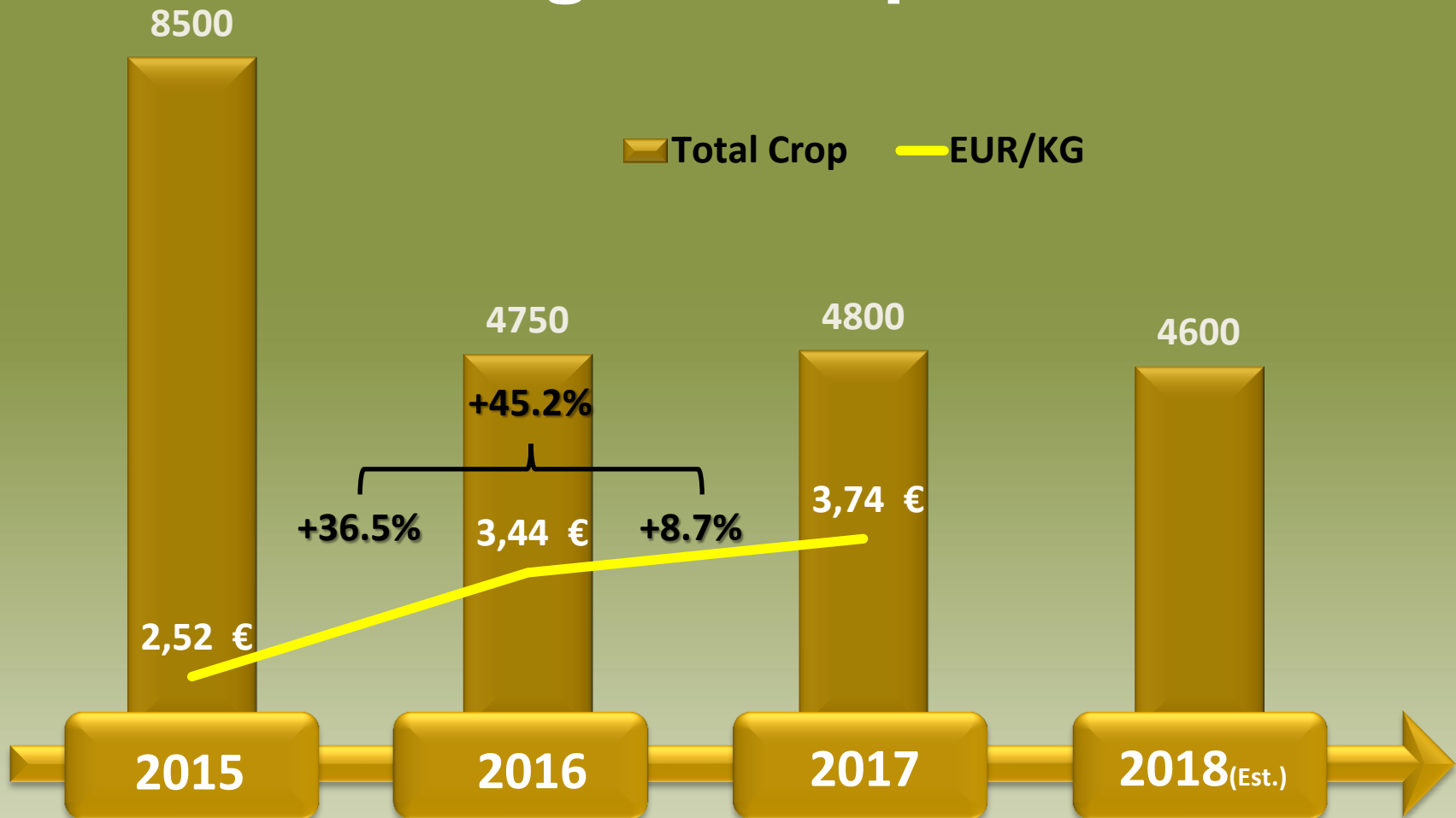


- Tobacco is one of the most important agricultural products. Tobacco production is characterized by stability
- Of all the oriental origins, this is the country with the best perspective
- Tobacco farmers are supported by the government with national subsidy

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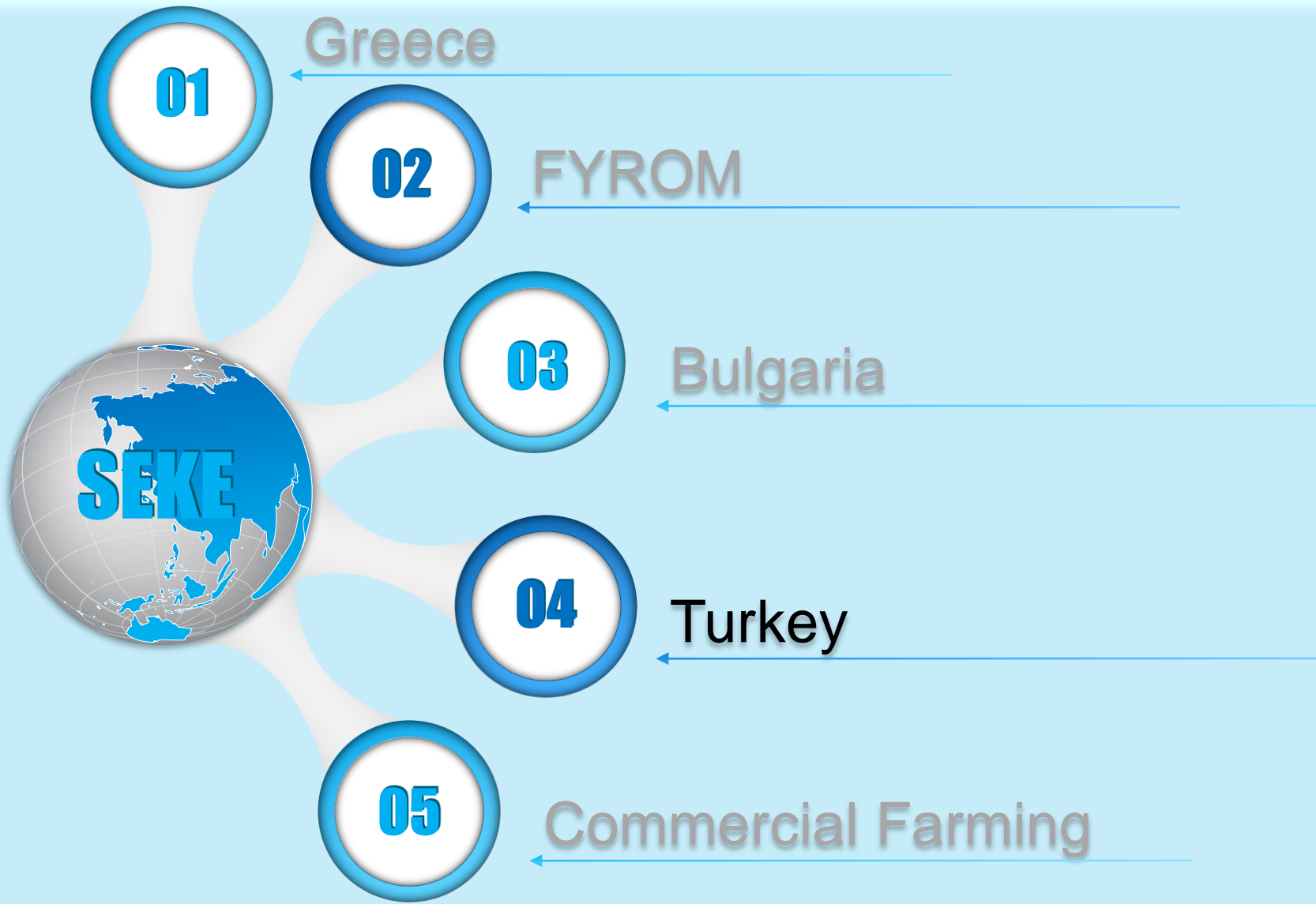


Krumovgrad Crop Evolution

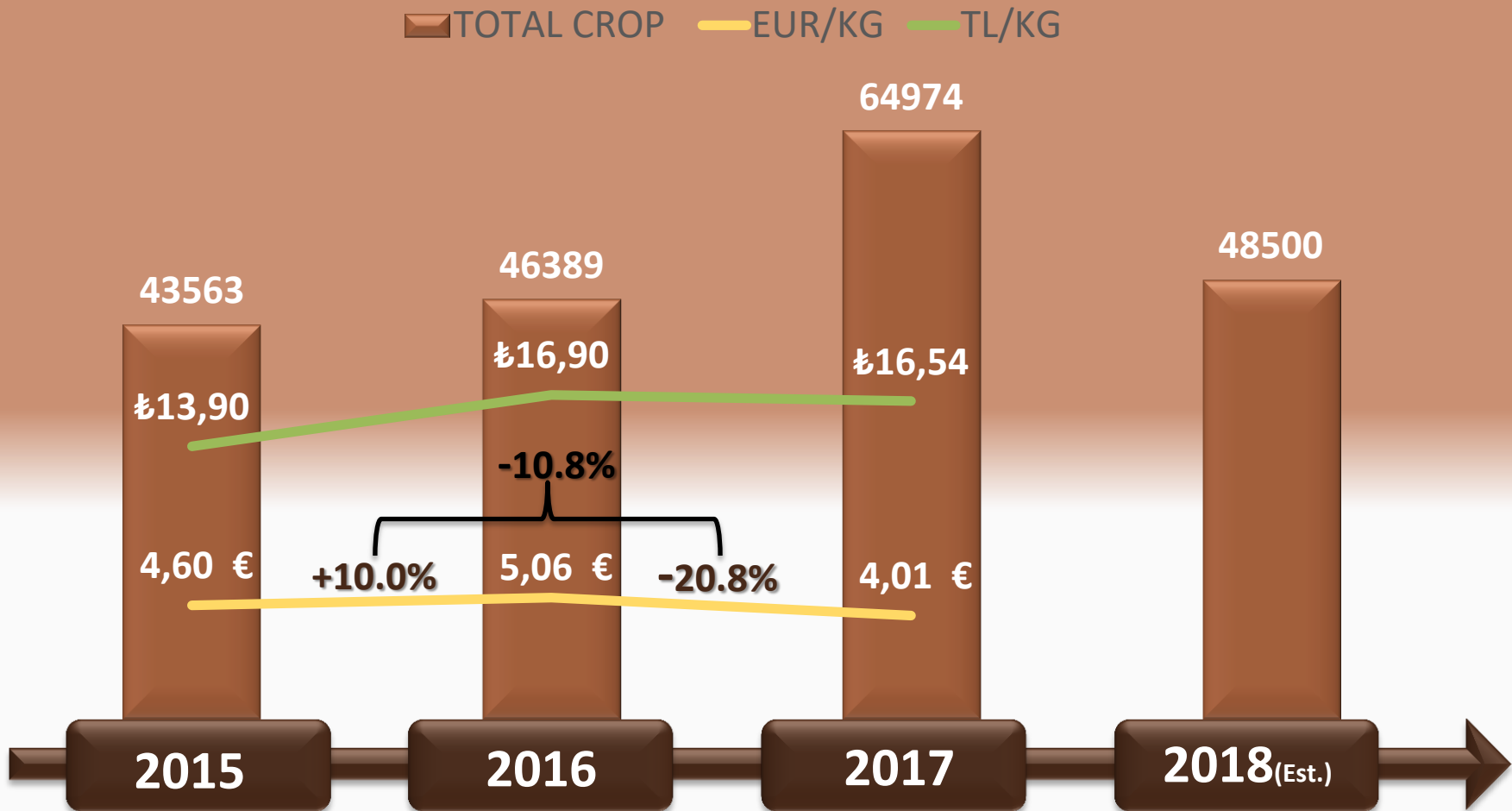


- Despite the increased prices, quantity is reduced because Bulgaria is a country with very quick development in the industry and services
- Small farmers prefer to quit tobacco growing and seek employment with permanent and stable income

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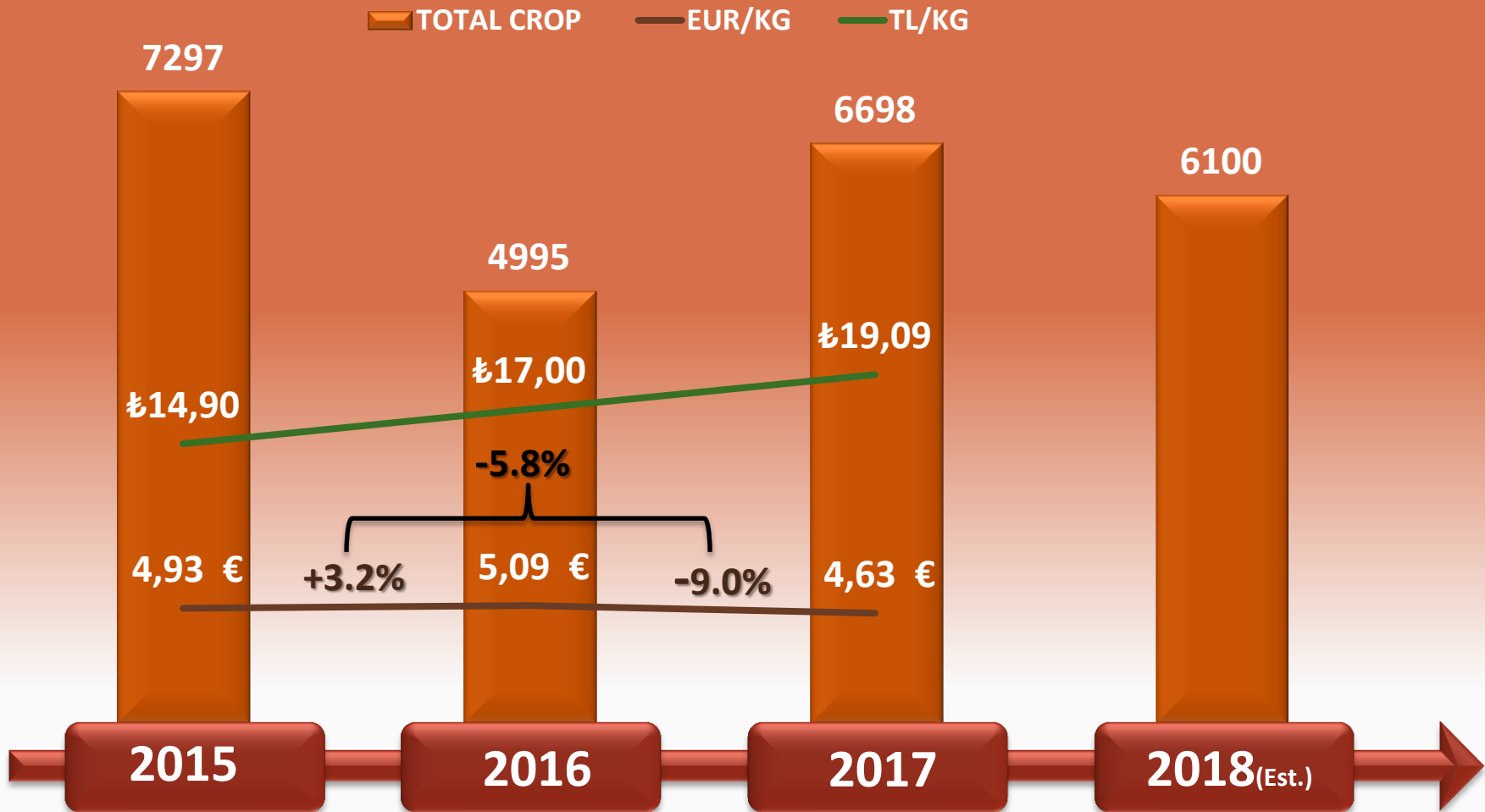


Izmir Crop Evolution



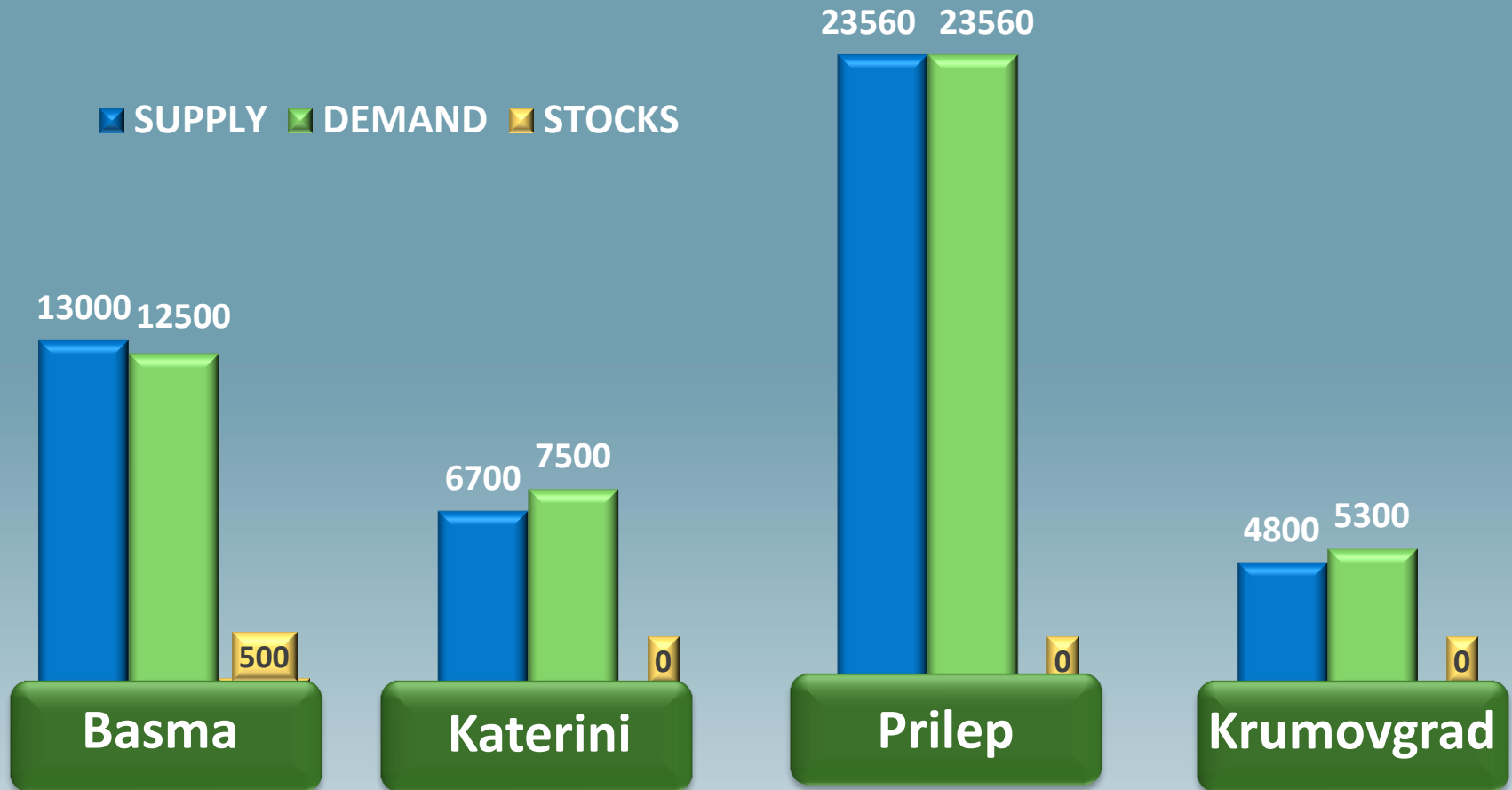
- Increase in green price in local currency (21.6%) in the 2016 crop coupled with favorable weather conditions had a positive impact on 2017 crop size
- X-Rate has major impact on the export prices

Samsun Crop Evolution



- In the 2016 crop a major increase in TL green price (14.1%) has a positive impact on the 2017 crop size

BALKANS SUPPLY / DEMAND



- Overall there are no significant Oriental tobacco stocks in the hand of the trade in the Balkans
- Illicit trade has a negative impact on the demand on the premium Oriental tobacco varieties
- New Generation Products will possibly boost demand because Oriental tobacco is used

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Prospective of Oriental Tobacco



- Long term sustainability of the oriental tobacco production is uncertain in many areas of the Balkans
- The intense manual work and the lack of available labor are putting additional pressure on the crop
- Alternative methods of production are pursued to improve the sustainability of oriental tobacco

Commercial Farming



- Commercial tobacco production with mechanization in all stages of the crop is the future for new big farms
- There is a keen interest by farmers in Greece for comprehensive mechanized production which can be expanded to the other countries that produce oriental tobacco

Transplanting

- Use improved transplanting equipment which includes silicone based discs
- Use of laser markers for straight rows
- Transplanting machine rows to be compatible with new harvesting machines



Hoeing

- Mechanical hoeing between rows minimum two times for root aeration and weed control.
- Third one is done for weed control and ridge creation that will cover sand leaves



COMMERCIAL FARMING



- In the last 4 years, the development of the harvesting machine has made great progress
- As of 2017, the complete mechanization of tobacco production is implemented in 3 regions of Greece

CHOUKRANE
ARRIGATO
DO JEH
SHUKRAN
DANKIE
TODA
SUKRIA
EFHARISTO
STRENGTH
OBRIGADO
KIITOS
SPASIBO
DZIEKUJE
XIE XIE
DEKUJI
FALEMINDERIT
TAKK
ASANTE

NA GODE
DO JEH
GRATIAS TIBI
THANK YOU
ARIGATO
SPASIBO

DANKE JE
KAMSA HAMNIDA
BALIKA
NGIYABONGA
SALAMAT PO
MERCIGRAZIE
MAHALO
DEKUJI
TERIMA KASISH
GRACIAS
TRUGERE
DANK U
FALEMINDERIT
HVALA