



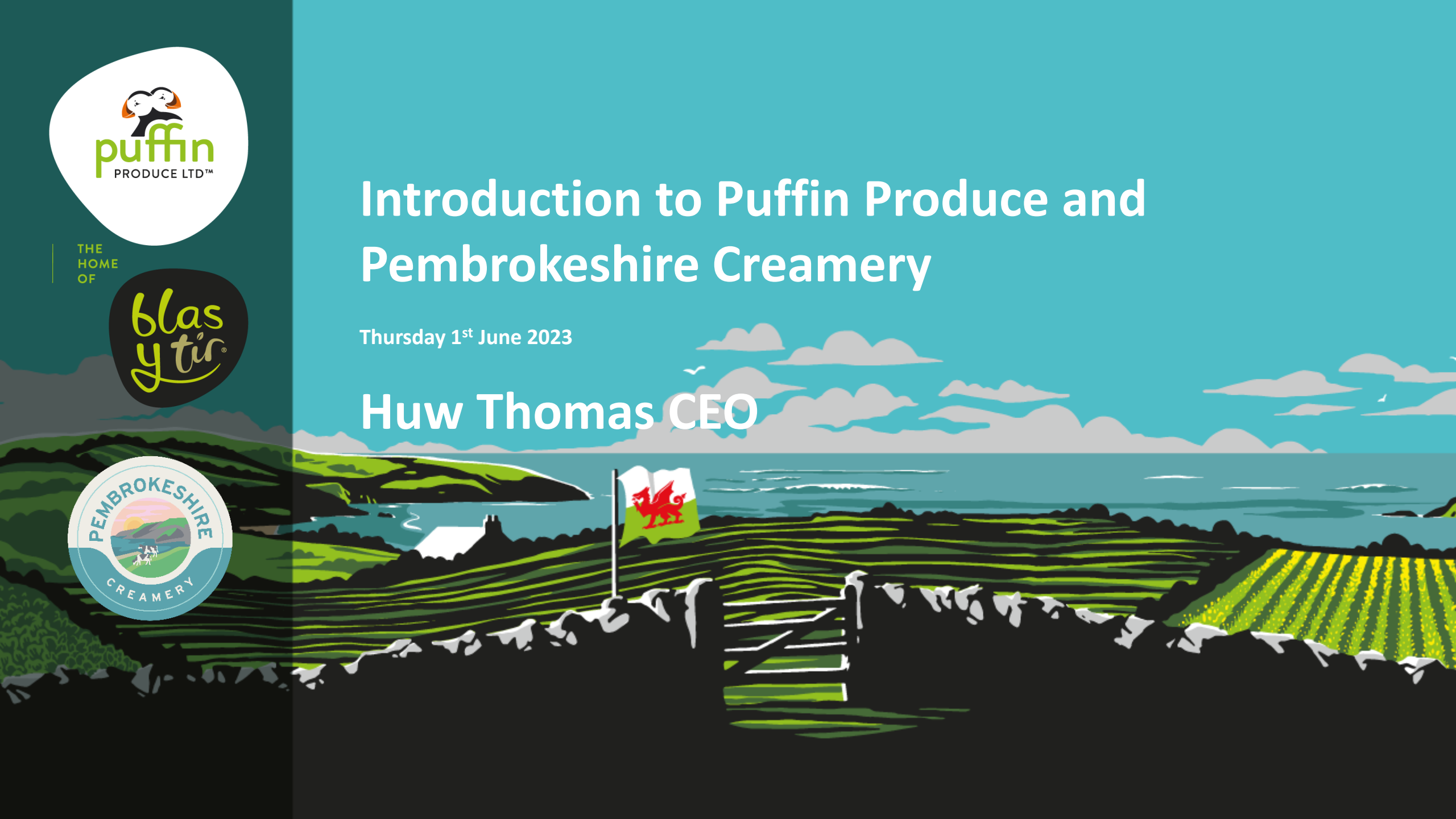
THE
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Introduction to Puffin Produce and Pembrokeshire Creamery

Thursday 1st June 2023

Huw Thomas CEO



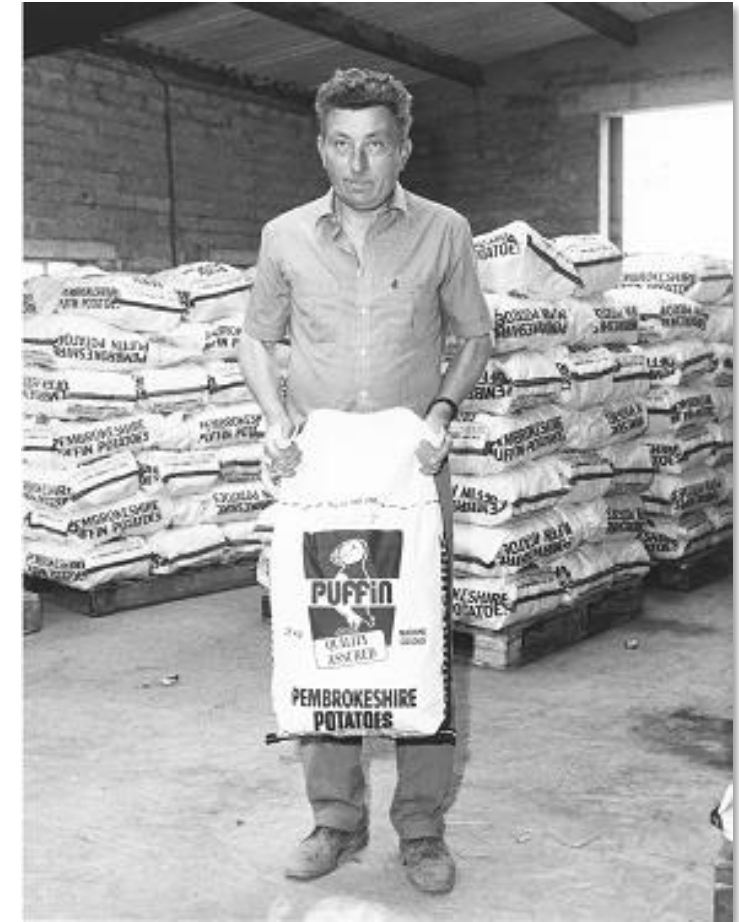


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Introduction

- Puffin Produce Ltd was formed in 1995 by a group of Farmers collaborating to market their crop
- Today we are a team of 195 people all based in Pembrokeshire
- Turnover projected of £40m / Net Assets £20m
- 65,000t of Welsh potatoes packed per year at 50% capacity
- Along with a supply of Welsh Cauliflower, Savoy, Broccoli, PGI Leeks and Daffodils
- The only BRC AA+ accredited vegetable packing facility in Wales





Retail Customers

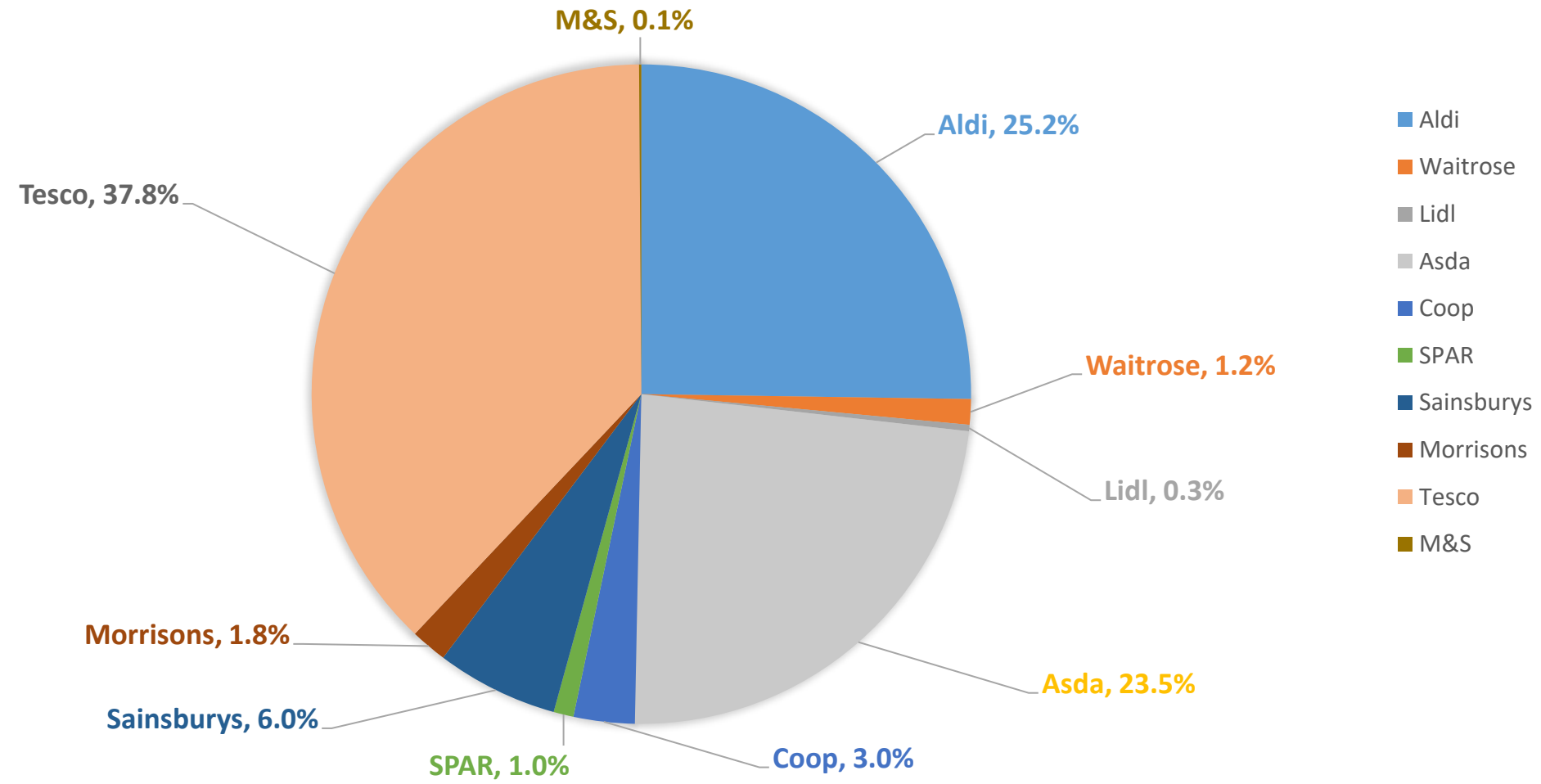




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Potato tonnage by customer



Product Range

- We currently supply Welsh own label potatoes to the following four retailers:

ASDA



TESCO



Product Range – Blas y Tir

- We created Blas y Tir (Taste of the Land) with a focus on quality, freshness and provenance:



Seasonal
packaging
change



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Product Range – Blas y Tir Veg/Daffs

- This is our current vegetable/Daffodil offer, all of which is lovingly grown and packed in Pembrokeshire:



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Value of Welshness

The Welsh Government carried out a study into the 'Value of Welshness' which found that:

- **8/10** Welsh shoppers would prefer to buy Welsh vs GB products
- **78%** of Welsh shoppers say they regularly buy Welsh products
- People in Wales see Welsh food and drink as better quality, fresher and more natural than GB
- **>80%** of Welsh shoppers state that they buy Welsh to **support their local producers**

What Welsh shoppers believe

Almost 9 out of 10 Welsh Shoppers would always buy Welsh products if the price was the same

Wales is known for
great tasting food
and drink

80%

Wales is known for
good quality food
and drink

85%

I'd always buy
Welsh if the price
was the same

87%



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Irresistibly Welsh – Regionality works in Wales

We have consistently seen a **>20%** increase in own label sales when we have replaced a Union Jack with a Welsh flag on the bag:

Asda (2003) **+20%**

Tesco (2014/2015) **+26%**

Aldi (2017) **+33%**

The positive impact of the **Welsh flag** on pack has increased over the years!

By Fred Searle
Monday 4th December 2017, 17:16 GMT

Aldi's potato sales rocket in Wales

Sales up 33 per cent after retailer introduces homegrown offer, proving importance of provenance to Welsh consumers

Puffin Produce grower Ian Elliot with his family



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A fair and transparent supply chain

Transparent and fair long term relationships with the major supermarket chains.



Industry leading efficiency at our factory.



A fair, consistent and transparent financial return for our growers.

- Work in partnership with retailers to ensure they make a good profit on our products
- Drive efficiency in the Puffin operation and our grower base, to keep us all competitive
- Transparent and fair returns for all, so the supply chain further invests in efficiency



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Example of how we work with a retailer like Asda

- YTD Blas y Tir unit sales are up **19%** in Wales compared to 2022, delivering an additional **£190k** in retail sales to Asda
- We've also invested circa £5k in branded POS for the Welsh stores, helping to drive margin enhancing sales for both Puffin and Asda





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Continuous Investment

Puffin Produce’s re-investment programme, supported by Welsh Government grant, to mitigate its exposure to rising costs and drive value for our customers

Capital investment of **£35m** in the last five years:

- An industry leading facility
- State of the art new cold storage



Capital investment plan of **£20m** in the next year:

- Solar
- A new milk bottling facility



The most automated potato factory in the UK





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Supply chain resilience - the natural capital of West Wales

What do you see....



- Much of the land in Pembrokeshire has never grown potatoes and fresh land yields are consistently 10% higher than tired land yields (a problem they are facing in the East and Scotland)
- Far greater natural biodiversity compared to the prairie farming in Easter Anglia and Lincolnshire



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The UK potato supply chain

PROGRAMME OF THE EUROPEAN UNION

Potato Packer Locations

- 1 AH Worth - Spalding
- 2 Branston - Lincoln
- 3 Branston - Ilminster
- 4 Braegate Produce
- 5 Albert Bartlett - Airdrie
- 6 Albert Bartlett - Boston
- 7 Cockerill Ltd
- 8 AB Produce
- 9 Albert Bartlett - Westwick
- 10 Greenvale - Blairgowrie
- 11 Greenvale - Duns
- 12 Greenvale - March
- 13 E Park and Sons - Macclesfield
- 14 E Park and Sons - Doncaster
- 15 Stirling Potatoes - Arbikie
- 16 Morrisons - Gadbrook
- 17 Morrisons - Rushden
- 18 IPL Westry
- 19 IPL Inchtire
- 20 Branston Perth

★ Puffin Produce Ltd



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Supply chain resilience – the benefits of West Wales

- Puffin's location in far West Wales provides natural supply chain protection through geographic diversification.
- Extreme weather patterns from droughts to flooding put pressure and cost into fresh produce supply chains every year
- Pembrokeshire's lower ambient temperatures, a largely frost free coastal climate and higher rainfall lends itself to a more stable growing environment
- Fresh land, natural biodiversity and strong green credentials
- In March 2020, due to COVID our weekly volumes increased from 850t to 2,050t as we provided much needed resilience to Tesco keeping potatoes in your English stores





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A circular agricultural economy

Potatoes
for 1 year

By reducing your fertiliser by 50%, you can reduce your emissions per ha by **32.6%**

Grain
for 1 year



Grass
for 3 years

Pembrokeshire grown seed is half the carbon footprint of Dutch grown seed

Vegetable
for 2 years

**Example of a 7 year rotation*



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Understanding our footprint

For every Kg of potatoes sold, we emit 0.532kg of GHG to the atmosphere.

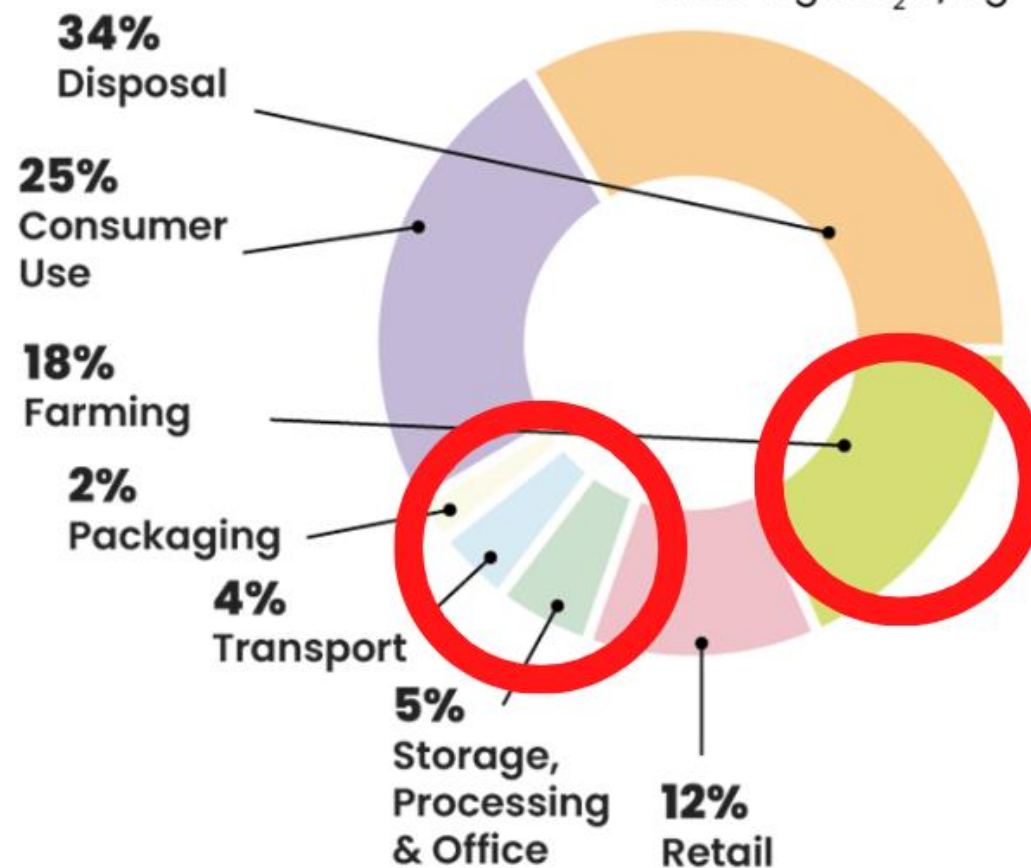


DIRECT EMISSIONS - 29% of our total footprint

INDIRECT EMISSIONS - 71% of the total footprint

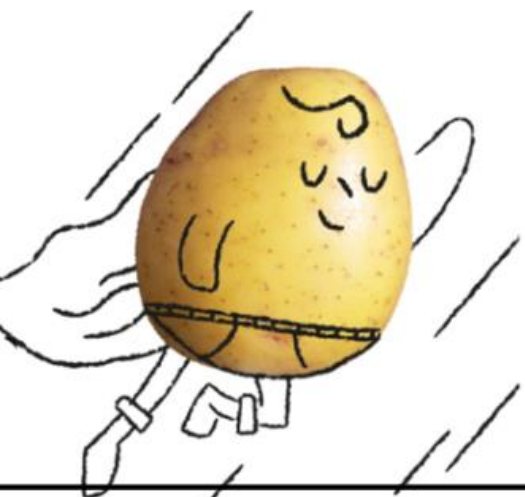
EMISSIONS BREAKDOWN BY VALUE CHAIN STAGE:




Total Emissions
0.53 kgCO₂e/kg





plastic free!



 **@ ROOT ZERO**
 WE ARE ON A MISSION TO HAVE A
POSITIVE IMPACT ON OUR PLANET
 THAT'S WHY WE HAVE
TAKEN ACTION
 TO
FIGHT
CLIMATE
CHANGE
 BEING CARBON NEUTRAL
 AND
 GROWING IN A  **SUSTAINABLE**
WAY THAT'S KIND
 TO
 **OUR**
PLANET

Hedgerows

Pros

- Well-established, low-tech and simple to implement
- Relatively high carbon removal potential (2-7 tCO₂e/ha)
- Relatively inexpensive (£15-30/tCO₂e)
- Less vulnerable to disturbance (low chance of reversal)

Cons

- May reduce available cropping area
- Delay before plants reach maturity
- Risks of losses from disease or other issues

Unmanaged hedgerows sequester much more carbon than managed hedgerows. The species mix is also important, with hawthorn showing the greatest sequestration potential





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Cover crops

Pros

- Low capital cost
- Moderate carbon removal potential ($\sim 0.9 \text{ tCO}_2\text{e/ha/yr}$)
- Increases the proportion of organic matter retained in soils
- Reduces erosion
- Improves water filtration
- Reduce the need for fertilisers and pesticides

Cons

- Annual cost of planting (and cutting / killing off)
- Reduces available cropping area if used rotationally
- Potential issues with weeds and pests



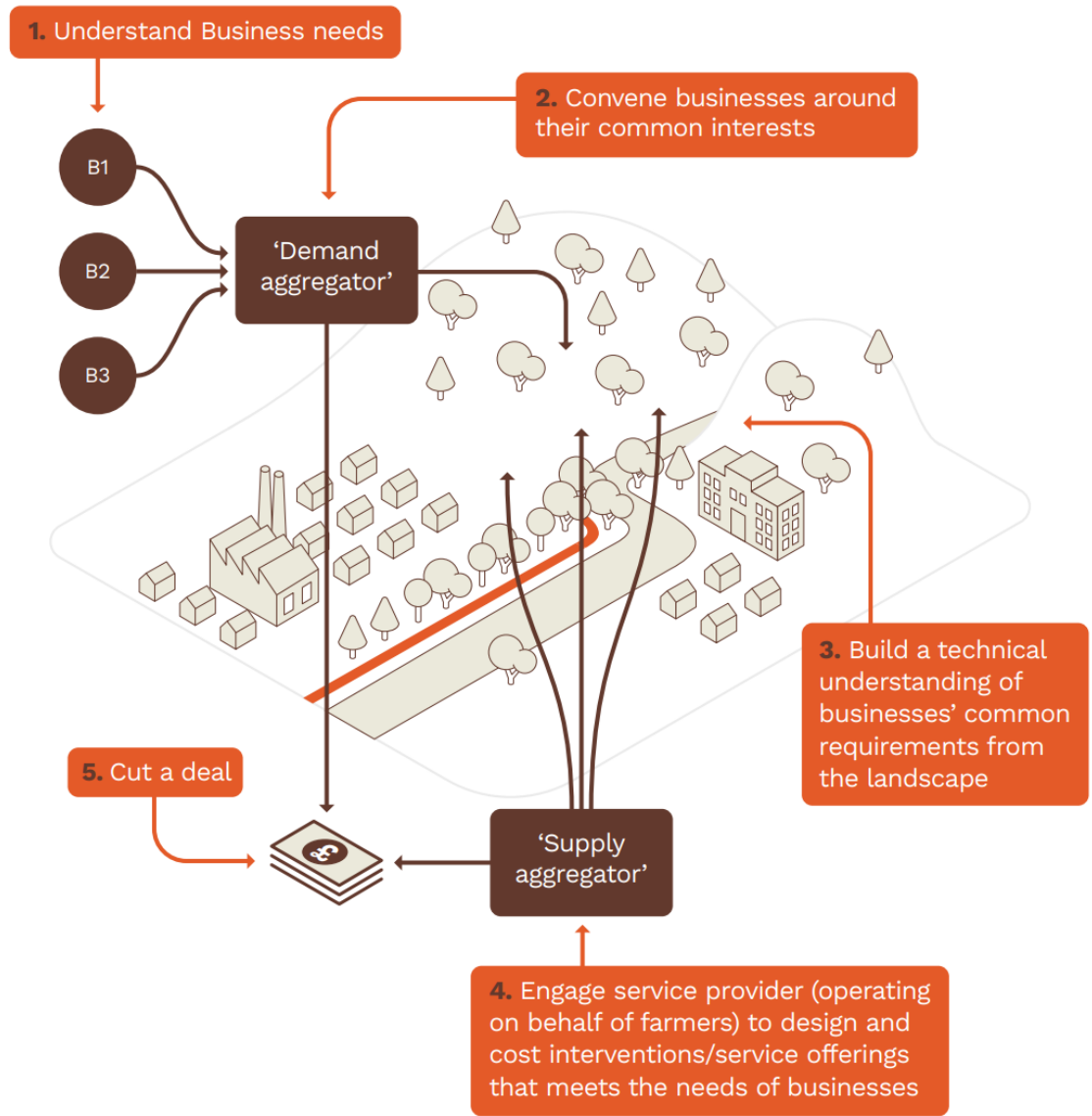


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LENS™ LANDSCAPE ENTERPRISE NETWORKS

LENS brings together businesses with diverse needs to invest in common Nature-based Solutions that make a real difference to nature and the landscape.

It's a new but proven system, with millions of pounds worth of live transactions set to repeat and grow in the most advanced trading locations across the UK



Pembrokeshire Creamery Ltd



We will be operational December 2023



What are we doing?

- We are building a brand new, state of the art milk bottling facility in Wales
- Located in Pembrokeshire, at the heart of the highest dairy cow density in Wales
- We will be ready to supply by December 23
- We are developing Wales's only major retailer focused fresh milk supply chain, from West Wales dairy farms to stores across Wales
- The only fully BRC accredited milk production facility within Wales in 2023



Value of Welshness

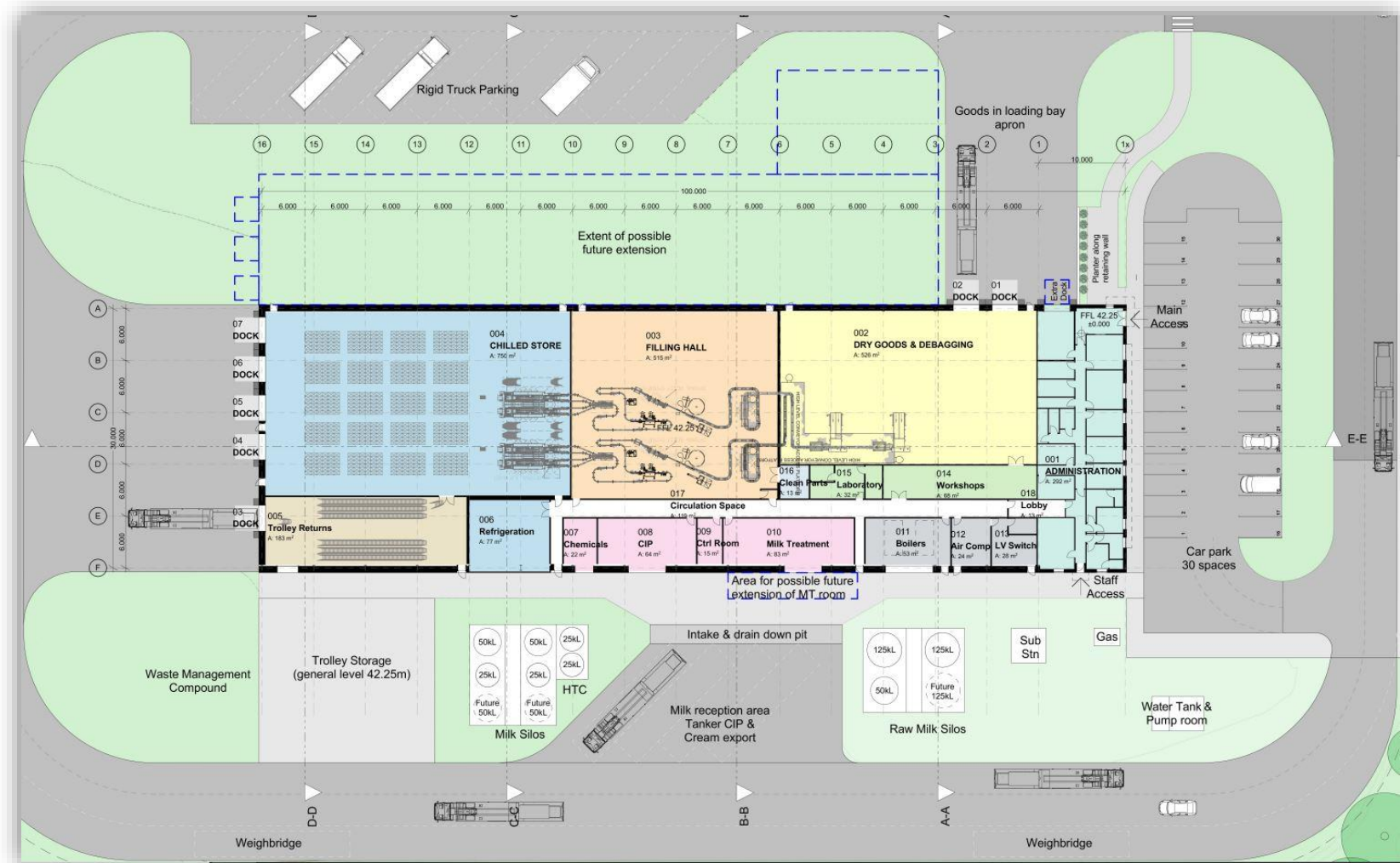
Most Shoppers think Welsh products should be made in Wales with the main ingredients from Wales:



Building is progressing to plan... (End March)



We will be operational December 2023





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By reducing your fertiliser by 50%, you can reduce your emissions per ha by **32.6%**

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for 2 years

**Example of a 7 year rotation*

USP's the new facility will offer

1. Pembrokeshire milk bottled in Wales giving the authenticity the Welsh consumer expects - the whole economic footprint will be in Wales!
2. State of the art facility in an efficient and sustainable milk field (milk from grass) with little processing competition in the area
3. A competitive yet sustainable milk pricing model can be achieved
4. Ability to solve a number of consumer animal welfare concerns around 'grazed days' and bull calf strategy, to match retailer and consumer requirements
5. EU / Welsh Government grants help deliver leading edge technological investments, resulting in best practice food hygiene and shelf life standards



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Thank you for your time