



2019 Economic Outlook

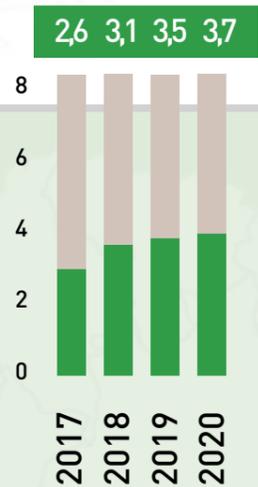
Geo areas of interest

Graph Source: Worldbank (2018)



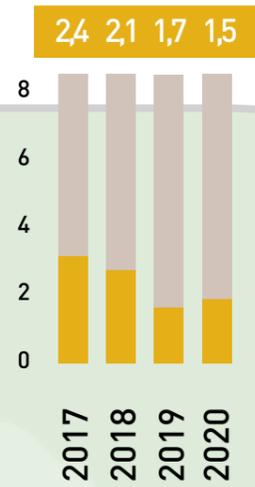
Sub-Saharan Africa

- GDP +3.5% in 2019
- South-Africa top performer.
- Growth not sufficient enough to tackle poverty problem
- Rising oil and metal export



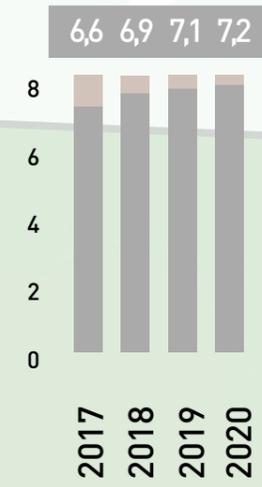
Euro Area

- GDP to slow to 1.7% in 2019
- Drivers: Consumption, monetary policy and exports
- Italy and UK amongst low performers, the Netherlands peaking



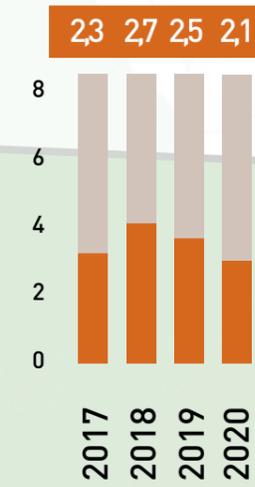
South Asia

- GDP +7.1% in 2019
- India to accelerate to +7.5%
- Recovery from natural disasters
- Increase in political uncertainty (AF, BA, PK, SR)



United States

- GDP to slow to 2.5% in 2019
- Nearing productive potential
- Trade policy changes will not have a huge effect on GDP growth



Global Economy

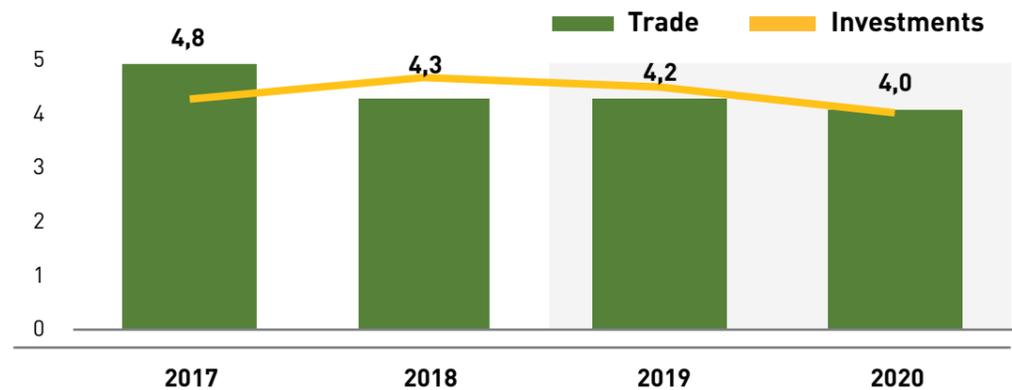
Source: Worldbank (2018) & CPB (2018)

“The current state of the global economy resembles that of a sailor whose boat was caught on a sandbar but is now freed by the rising tide. De sailor is naturally relieved to be able to set sail. But this relief must be tempered by the urgency to pilot toward deeper seas before the receding waters beach the ship again.”

World Trade +4.2% in 2019



World Trade - and investment growth



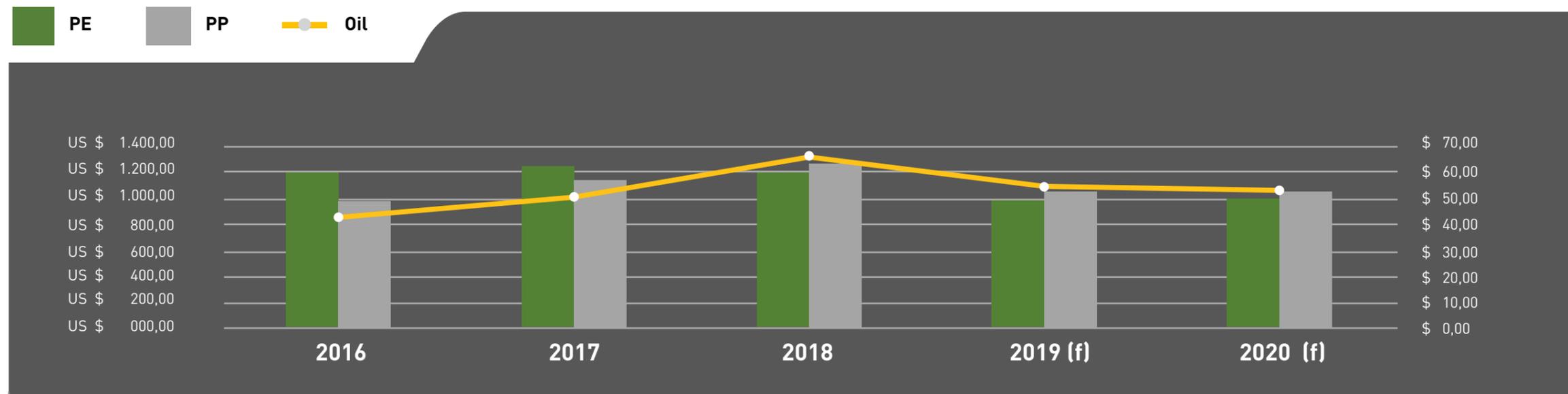
However, International uncertainties



- **Trade Protectionism** Global trade can suffer from the US/China trade war and further retreat of international agreements by the US. This can cause counter-protectionism of the other countries.
- **Brexit** - High uncertainty related to the structural reforms of the Eurozone and the Irish border.
- **Italy's budget deficit** - conflict with the ECB could cause damage to the EU, with Italy's Eurosceptic government, a EU exit could be on the cards.
- **Asset bubbles** - Low interest rates rising and peaking growth have led to high asset prices. There is a raising concern on the stability of these prices correction.

FIBC Raw Material - and Oil Prices forecast

Source: Platts (2018) & Trading Economics (2018)



FIBC Material Prices

	2016	2017	2018	2019 (f)	2020 (f)
Oil (\$)	43.58	50.84	66.40	55.73	52.75
PE (\$)	1189.00	1250.00	1197.00	1041.39	999.73
PP (\$)	1000.00	1139.00	1280.00	1113.60	1035.65

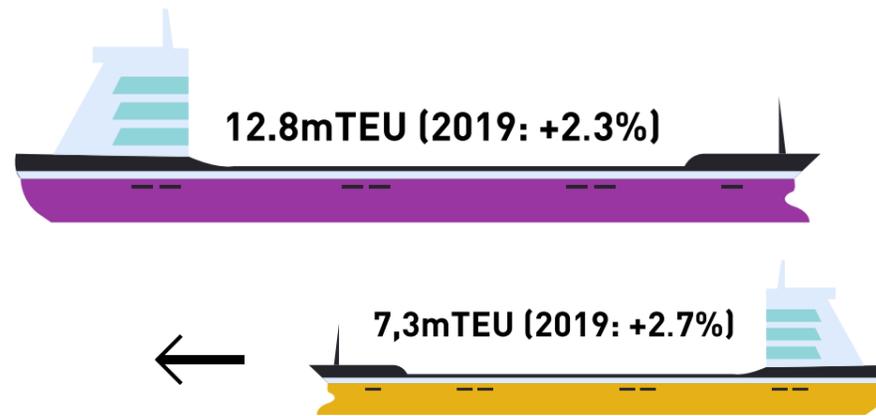
- **PP** is the main FIBC raw material, PE is an addition
- **PP** and **PE** correlated with crude oil

- **PP** and **PE** will gradually decrease up to 2020
- **Oil** expected to stabilise over 2019

Sea Freight

Source: Drewry Benchmarking Club, Maersk, MSC & CMA

- Relatively stable rates in 2018
- Freight rates for 2019 forecasted to increase between 5-10%
- Freight rates effected by oil price increase and preparation of 2020 sea freight emission regulations
- Rate increase could be weakened by protests of large firms and stabilizing oil prices
- FIBC price to be (only) marginally affected due to large shipping volumes



2020 Sea Freight Emission Regulation

- 2020: shipping companies to comply with 0.5% Sulphur cap, providing a cleaner type of fuel
- Refineries not able to foresee in increased demand before 2020, prices increase:
 - Maersk & MSC: \$2 billion increase in fuel costs

LC compliant with CSR trends of 2019

(Forbes, 2018)



Sustainability is community - With the LC Supports Foundation, LC Packaging actively invests in local community projects, focused on improving the well-being of people and planet.



Higher standards for Suppliers - Developing the supply chain by the highest possible standards, using our supplier code of conduct and sustainable supplier selection process.



More (public) CSR in the C-suite - LC Packaging is involved in various chain-wide CSR initiatives and is a well-known and active promoter of the UN Sustainable Development Goals and principles on business and human rights.



CSR as a business strategy - Whilst employing a sustainability manager, LC set several ambitious CSR goals surrounding people, planet, supply chain and solutions for 2022.

supporting your products





Increased freights costs

We provide efficient and innovative packaging solutions that save you space in transport. Also, we can ship large volumes at once, to keep costs to a minimum.



Economic Uncertainties

With the wide spread of LC locations it is possible to support weaker economic locations. Furthermore, LC Ireland is positioned to keep UK trade going after Brexit.



Marcel Schouten

Director FIBC at LC Packaging

'Even though we see both, opportunities and challenges in the coming year, we are very confident that with the current organisational expertise, our international presence and sustainable and innovative approach, we are 100% equipped to finish 2019 as yet another successful year, together with our customers and our dedicated production partners.'