ALMONDS IN THE GLOBAL MARKETPLACE

ROOM 314 | DECEMBER 4, 2018

THE ALMOND CONFERENCE
Continuing Education Units (CEU’s)

• What type of CEU’s are offered at conference?
  – Tuesday – Certified Crop Advisor (CCA)
  – Wednesday – Certified Crop Advisor (CCA)
  – Thursday – Certified Crop Advisor (CCA) and Department of Pesticide Regulations (DPR)

• Where are the CEU sign in sheets?
  – CEU sign in sheets will be in the back of each session
  – There are separate forms on Thursday for the CCA and DPR credits

• Special instructions for Thursday
  – PCA’s will need to pick up their scantrons in the morning before the first session of the day. They will also need to return the scantron at the end of the day to the CEU booth. This is in addition to signing in and out of each session.
AGENDA

• Emily Fleischmann, Almond Board of California, moderator
• Laurel Muir, Sterling-Rice Group
CALIFORNIA ALMOND PRODUCTION

FY2006/2007 – FY2021/2022 Actual/Projections (Billion Pounds)

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+30%  
+700  
Million pounds increase in supply  
CY 17/18 – CY 21/22
ALMOND BOARD MARKETING OBJECTIVES

• Build long-term world-wide demand for California almonds

• Create an environment in which almond perceptions and almond brands thrive

• Run interference and seize opportunities that are best handled at an industry-wide level

• Contribute to the financial well being of the industry
MARKETING APPROACH

1. Invest and develop foundational platforms for industry long-term growth

2. Disciplined, data-driven strategic approach to market development

3. Highly creative, targeted, best-in-class marketing programs
GLOBAL MARKETING OVERVIEW

NORTH AMERICA
Canada
U.S.
Mexico

EUROPE
UK, France,
Germany,
Italy

EXPLORATORY MARKETS
Brazil, Chile, Argentina

ASIA
China, India,
S. Korea, Japan
EXPANSION INTO NEW MARKETS

South America
INCREASING CURRENT MARKETS
INCREASING SHIPMENTS

Shipments FY15/16 vs. 17/18

Total shipments increased 24%

- US
- Canada
- Mexico
- India
- China
- Japan
- S. Korea
- W. Europe
HEADWINDS AND TAILWINDS
HEADWINDS
#1 BIG FOOD UNDER FIRE

New demands for... trust and transparency food safety food quality
#2 GRASPING FOR THE FUTURE
Trade Disputes Challenge World Order
Global trade issues are complex and varied.

- In most markets, almond tariffs have not been excessive.
- Technical and Sanitary/phytosanitary barriers are the real concern, and harder to address.
- “Rules-Based” and “Scientifically-Supported” do not always rule the day.
- Political tensions and economics will always play a role.
#4 ELEVATED DEFINITION OF HEALTH

INGREDIENTS UNDER FIRE

Deboned Chicken, Chicken Meal, Turkey Meal, Potatoes, Peas, Tomato Pomace, Dried Ground Potatoes.

Ground Yellow Corn, Chicken By-Product Meal, Corn Gluten Meal, Whole Wheat Flour, Animal Fat, Preserved with Mixed-Tocopherols (form of Vitamin E), Rice Flour, Chicken, Soy Flour, Water, Propylene Glycol, Tricalcium Phosphate, Salt, Phosphoric Acid, Animal Digest, Calcium Phosphate, Potassium Chloride, Phosphoric Acid (a Preservative), Dried Carrots, Dried Tomatoes, Avocado, Calcium Propionate (a Preservative), Choline Chloride, L-Lysine Monohydrochloride, Added Color (Yellow 5, Red, 40, Blue 2, Yellow 6), Vitamin E
The playing field is changing
Diabetes is expected to affect 592 million adults by 2035.

1.1 billion adults have high blood pressure. Less than 1 in 5 have it under control.

17.9 million people die every year from cardiovascular disease. 31% of global deaths.
**ONE-FIFTH OF THE WORLD IS OBESE**

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<tr>
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<td>Ireland</td>
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<td>Luxembourg</td>
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<td><strong>OECD Average</strong></td>
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LOOKING TOWARD NEW SOLUTIONS

Food As Medicine: It’s Not Just A Fringe Idea Anymore

January 17, 2017 · 10:06 AM ET

DAVID GORN
Fit and fine: Retail market for fitness in India likely to touch Rs 7,000cr by year-end

What’s China’s new luxury status symbol? A curvy butt

Memberships of high-end gyms – and social-media posts of toned people breaking a sweat – soar as fitness seen as aspirational must-do activity
MAKING THE LIST

The 30 Healthiest Foods

The 43 Best Foods for Fiber
It helps fill you up, can clean you out, and makes achieving your weight loss goals a whole lot easier—we’re talking about foods with fiber.

BY THE EDITORS OF EAT THIS, NOT THAT!

20 Delicious High-Protein Foods to Eat

Why your diet should include more fat
By Mallory Creveling for Life by Daily Burn
Updated 2:12 PM ET, Fri December 8, 2017
Why you should eat almonds every day

Rich in antioxidants

Apart from adding a crunchy taste to your desserts and enhancing the flavor of the otherwise boring glass of milk, almonds have much more to offer. There are obviously a host of reasons why we were always asked to eat a handful of these wonder nuts on a daily basis. From promoting overall well-being to helping you get a perfect complexion, these nuts do it all. And here’s why you should get munching on them:

2. Almonds to Raise Good (HDL) Cholesterol

Almonds pack a punch when it comes to nutrition, particularly when it comes to heart health. Recent studies have shown that almonds, when eaten in moderation, can improve heart attack risk factors and lower death rates from heart disease. This is believed to be due to their high content of monounsaturated fats, which help keep cholesterol levels in check, according to research published in the journal of Nutrition.

Why Almonds?

Almonds pack a lot of benefits when it comes to heart health, particularly when it comes to cholesterol levels. Research has shown that almonds can help lower bad cholesterol (LDL) and raise good cholesterol (HDL) levels, which is good for heart health. Almonds also contain copper, which is essential for heart health, and they are rich in plant-based protein, which helps keep you feeling full for longer.

Make it Exciting:

Almonds are great as a snack, especially when you’re on the go, or as a topping for salads or oatmeal. They can also be added to smoothies, granola, or trail mix. Remember, however, to enjoy them in moderation—almonds are a calorie-dense food, and overeating them can lead to weight gain. If you’re having trouble incorporating almonds into your diet, consider snacking on them throughout the day to help you stay full for longer.
10 types of Super Foods that keep you healthy in Winter

7 kinds of common nuts that have anti-cancer effects

China

China

Japan
UK

**Nuts and seeds**

**20 Almonds**

Help to lower blood fats
A regular handful of almonds will help your body to clear bad cholesterol from your bloodstream more effectively, according to a study in the *Journal of Nutrition* last year. Eat them with the skins on because that’s where much of the beneficial fibre is stored.

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**SAGA**

**10 best foods for eye health**

Almonds

The almond is a powerful source of vitamin E. A favorite of the cows in the UK and a source of vitamin E and fibre, the almond’s weight loss and weight management benefits are great for your eyes. The SAGA website provides a range of information on healthy eating and nutrition, including tips on how to cook healthy meals.

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**Germany**

**Boost your health Top 50 foods for brain, heart and joints**

Is your diet packed with the most nutrient-dense foods possible? From sage to strawberries, Peta Bee asks the experts for the best ingredients to eat.

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**Age-proof your life**

The essential guide

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HOW DO I CURRENTLY EAT TODAY?
HOW DO I WANT TO EAT TOMORROW?
WANT TO INCREASE

PLANT PROTEIN: 44%
SEAFOOD: 33%
POULTRY: 26%
RED MEAT: 5%

WANT TO REDUCE

PLANT PROTEIN: 3%
SEAFOOD: 5%
POULTRY: 5%
RED MEAT: 32%
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The importance of Snacking
The global market size of sweet and savory snacks was worth $144.0 billion and it is projected to reach to $219.6 billion in 2024 with a CAGR of 6.17%.
THE "SNACKIFICATION" OF SOCIETY

Need for Convenience + Shifting Consumer Attitudes = Proliferation of Snacking
Estimated values in Billion USD for 2016.

- USA: $100.9
- UK: $22.7
- BRAZIL: $18.9
- INDIA: $12.1
- CHINA: $45.3
- AUSTRALIA: $7.4
- NZ: $1.6

TOTAL: $451
SHIFTING TOWARDS MORE NATURAL SNACKING OPTIONS

63% Fresh Fruit & Vegetables
42% Dairy-Based
40% Nuts & Seeds

SNACKING OCCASIONS

73% Sunny
94% Sunny
88% Nighttime
SNACKING FREQUENCY A DAY

- Kids: 2.5
- Young Adults: 3
- Young Families: 2.9
- Established Families: 2.4
- Seniors: 2.2
The largest percentage of snackers do so for a treat. Health-focused snacks should aim at enjoyment.³
Out-of-home dairy
Ambient dairy offerings that can be stored at room temperature represents an untapped opportunity.

Protein Rich Snack
A big opportunity to target the on-the-go consumers looking to satisfy a craving and boost energy levels.⁶

Snack meal
Snacks as meal replacements are a growing opportunity.¹

Flexible packing for on-the-go
Pouch packaging, single serves, and re-sealable packaging can increase portability and help reduce waste.⁴
4 Innovation
PURE ALMOND PRODUCTS NOW DOMINATE SALES

2006

- Total Ingredient, 62.1%
- Total Snack Nuts, 37.9%

2017

- Total Ingredient, 23.6%
- Total Snack Nuts, 54.5%
- Nut & Seed Butters, 5.3%
- Milk Substitutes, 16.6%
Almond dairy creams and non-dairy creamer up 111% in sales vs YAGO (while total category is up 6%).

CoffeeMate Natural Bliss Almond Milk Creamer #1 at $15.5 million in sales

Almond snack and variety packs up 140% in sales vs YAGO (while total category is up 11%)

Nature Valley Granola Cups - brand new $10 million dollar product in 2 years

Almond produce meal combos up 40% in sales vs. YAGO (while total category is up 35.7%)

Sargento Balanced Breaks represent $30 million this year, up 20% vs. YAGO

Dairy yogurts with almonds up 17.4% in sales vs YAGO (while total category is down 3%).

Chobani almond flips at $90 million + in sales
ALMOND BASED GLUTEN-FREE APPLICATIONS IN NEW CATEGORIES

- **Cappellos Gnocchi**
  - United States, Nov 2017

- **Probar Live Probiotic Nutrition Bar With Almond Butter Flavor**
  - United States, Sep 2017

- **Fattoria Della Mandorla Mandorella E Lenticchie: Almond And Lentils Burger**
  - Italy, May 2017
APPLICATION OF ALMONDS IN FORMULATION OF CLEAN LABEL SPREADS

Kung Markatta Almond Butter
Sweden, Dec 2017

MORlife Spinach, Herb and Onion Superdip Mix
Australia, May 2017

Simply Raw Organic Almond And Cacao Raw Crème
Germany, Jul 2017

**certified organic by Australian Certified Organics**
APPLICATION OF ALMOND INGREDIENTS IN FORMULATION OF CLEAN LABEL SNACKS

ALMOND
Gimme Organic Seaweed Thins Sriracha Almond Savory And Sweet Crispy Wafers
United States, Dec 2017

ALMOND BUTTER
Mission More 6 Snack Balls With Blueberries And Baobab
Germany, Jun 2017

ALMOND FLOUR
Barnana Organic Crunchy Toasted Coconut Banana Brittle
United States, Aug 2017
APPLICATION OF ALMOND INGREDIENTS IN FORMULATION OF CLEAN LABEL SNACKS

ALMOND

Muller Bio Primo Organic Fruit Bar With Honey-Almond-Ginger
Germany, Dec 2017

ALMOND BUTTER AND PIECES

Perfect Bar The Original Refrigerated Protein Bar With Dark Chocolate Almond
United States, Nov 2017

ALMOND BUTTER & FLOUR

Paleo Treats Mustang Bar
United Kingdom, Mar 2016
VERSATILE APPLICATIONS OF ALMONDS IN DAIRY ALTERNATIVE PRODUCTS

NON-DAIRY YOGURT

Silk Almond Milk Yogurt
Alternative: Vanilla
United States, Sep 2017

NON DAIRY MILK

Alpro Oat Almond Drink
Belgium, Dec 2017

CHEESE SOFT/SEMI-SOFT

Cicioni Fermented Nut Cheese
Italy, Jan 2017
ALMOND OIL SHOWS PROMISE IN FOODS & BEAUTY
5 Global Market Development
1. Invest and develop foundational platforms for industry long-term growth

2. Disciplined, data-driven strategic approach to market development

3. Highly creative, targeted, best-in-class marketing programs
OUR DISCIPLINED APPROACH

Global Demand Analysis
Markets projections and prioritization

Opportunity Assessment
Focus within markets

Target Segmentation
Target identification and sizing

Message Deep Dives
Target refinement and messages
FOCUSING ON CORE BENEFITS

1. Skin and Beauty in Asia
2. Mental acuity in India
3. Lifestyle in the West
Almond Value Quotient
(Average of Combined Health and Snacking scores)
Measuring Perception changes and Program Effectiveness:

- Attitudes, Awareness and Usage Studies
- Advertising testing and evaluation
- Consumer Qualitative and Ethnographic deep dives
EVALUATION OF ALMOND SHIPMENTS AND CONSUMER SALES

Shipments
- ABC Position Report
- Global Trade Atlas
- Sales data

Sales data
- Changes vs. prior year

Trended over time
- 5 and 10 years
- Percent shipments
- Shipments vs. spending
Thank you!
What’s Next

Tuesday, December 4 at 1:45 p.m.

• Managing Nutrients and Salt Under Current Water Quality Regulations – Room 308-309

• What's Happening in DC? - 312-313

• The Almond Aflatoxin Menace: Addressing It Head On – Room 306-307

• Sustainability: Aligning with Food Manufacturers' Needs for the Future – Room 314
Join the social media conversation at #AlmondConf
What’s Next

Tuesday, December 4

• State of the Industry – Hall C at 4:15 p.m.

Be sure to join us at 5:30 p.m. in Hall A+B for Dedicated Trade Show Time and Opening Reception, sponsored by FMC Agricultural Solutions