EUROPE: INSPIRING GLOBAL TRENDS AND CRACKING ALMOND INNOVATION

ROOM 314 | DECEMBER 6, 2018
AGENDA

1. Julie Adams, Vice President, Global Technical & Regulatory Affairs (ABC)

2. Kathryn Martino, Consultant, Europe (ABC)

3. Harbinder Maan, Associate Director, Trade Marketing and Stewardship (ABC)

4. Dariela Roffe-Rackind, Director Europe & Global Public Relations (ABC)
1,739,932,904
1,739,932,904
4
47.4
1
EU: AND THEN THERE WERE 27....
EU TRADE ISSUES ARE AT A CROSSROAD...

• On March 29, 2019, Brexit will change the face of the EU...

• Existing Tariff Rate Quota – allocate portion to UK or remain with EU?

• Future trade agreements to be negotiated with EU and UK

• Technical and Sanitary/phytosanitary barriers are the real concern: driven by philosophical differences, and harder to address...

• “Rules-Based” and “Scientifically-Supported” do not always rule the day...
Aflatoxin controls increased due to higher insect damage, higher aflatoxin levels
- Aflatoxin rejections threaten almond pre-export recognition
- 31 rejections in 2018
- Return to <1% inspection if rejections remain low

Engagement has helped head off PEC suspension, further controls
- Industry proactive approach
- Minimum grade standards

Chemical tools face more restrictions
- Hazard approach does not consider exposure
- Existing tools under pressure – e.g. iprodione, glyphosate
- Insufficient phase-out / transition

Alliances are Key
- Engagement with European associations to broaden our “voice”
- Reputation and trust are essential – with authorities, customers and consumers
- Shows ABC commitment to local economy, trade, consumers
EU FOOD AND LIFESTYLE TRENDS
THE ‘-ISH’
The chirpy campaign for Yushoi pea snacks appeals to all lifestyles.

SOME EVENINGS YOU GYM.
SOME EVENINGS YOU GIN.
WE GET IT.
Luxe workout brand Sweaty Betty created an inclusive approach with its ‘fit-ish’ strapline.
Media coverage showing how being flexible has become the way to live
DISRUPTIVE SUSTAINABILITY
Nous is the world’s first no-waste supermarket, which only sells ‘rescued food’ that cannot be sold anywhere else.
Bakery chain Gail’s has launched the UK’s first loaf made from leftover bread.
Environmentally friendly cleaning brand Ecover’s pop-up Rubbish Café makes consumers pay using plastic rubbish
NEW BASICS
Budget supermarket Morrisons is making veg widely accessible with its Bargain Vegetable Boxes.
Allotments have gained popularity in Germany as urbanites seek to add some greenery to their daily lives.
DISCOVERY: THE ADVENTUROUS CONSUMER
An ice cream shop in Scotland has created ‘mayonnaise ice cream’ which has become a social media hit.
Swarm protein bars use insects to deliver amino acids and micro nutrients.
Is it a yogurt, a dip or a sauce...
WHAT DOES THIS MEAN FOR ALMONDS?

THE -ISH

DISRUPTIVE SUSTAINABILITY

NEW BASICS

DISCOVERY: THE ADVENTUROUS CONSUMER
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Europe – Leader in food innovation

HARBINDER MAAN,
Associate Director, Trade Stewardship and Marketing
INTRODUCTION

1. #1 Global nut in new products
2. Europe, strong ingredient usage
3. Europe as a hub for new product introductions
4. Key food trends being driven by Europe
5. Examples
ALMONDS ARE THE MOST USED NUT IN NEW PRODUCTS GLOBALLY!

For over 10 years, almonds have remained the most-used nut in new product introductions.
Total snack nuts category represents the largest pure almond volume share at 54.3%, followed by chocolate confectionary (17.1%) and total marzipan (15.6%).

As one of the largest markets for California Almonds, Almonds as an ingredient represent about 46% of almond usage in Germany.
Europe drives the greatest volume of new product introductions around the world.

Europe’s share of almond introductions respectively outpaced their share of nut introductions, which outpaced their share of total food introductions.
CONSUMER BENEFITS LEAD TO STRONG NEW PRODUCT LAUNCHES

- Almonds especially dominate new snack product introductions in Europe

<table>
<thead>
<tr>
<th>Europe</th>
<th>Almonds</th>
<th>Hazelnuts</th>
<th>Peanuts</th>
<th>Cashews</th>
<th>Walnuts</th>
<th>Pistachios</th>
<th>Pecans</th>
<th>Macadamias</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confectionery</td>
<td>1,369</td>
<td>1,873</td>
<td>357</td>
<td>66</td>
<td>68</td>
<td>167</td>
<td>28</td>
<td>39</td>
</tr>
<tr>
<td>Snacks</td>
<td>831</td>
<td>334</td>
<td>646</td>
<td>649</td>
<td>263</td>
<td>171</td>
<td>108</td>
<td>51</td>
</tr>
<tr>
<td>Bakery</td>
<td>1,001</td>
<td>971</td>
<td>159</td>
<td>88</td>
<td>161</td>
<td>72</td>
<td>49</td>
<td>20</td>
</tr>
<tr>
<td>Bars</td>
<td>597</td>
<td>187</td>
<td>383</td>
<td>326</td>
<td>45</td>
<td>30</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>Cereals</td>
<td>344</td>
<td>304</td>
<td>34</td>
<td>90</td>
<td>45</td>
<td>7</td>
<td>50</td>
<td>8</td>
</tr>
</tbody>
</table>
1 IN 10 SNACKS FEATURED ALMONDS IN EUROPE IN 2017

Snacks with almonds continue to grow with almonds, not only are total new products increasing almonds share is also increasing.

Almonds as percentage (%) of new snack* launches tracked by region/country (2017 vs. 2013)

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>9.0%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>
Europe – creating momentum in food trends

Key consumer trends driven by two platforms, wellness and ethics
Health & Wellness is a growth platform for European snacks with almonds.

*Snacks: including the snacks market category in the Innova Database as well as other snacking related categories

**Health & wellness claims: health, free from and clean label claims

***No additives=no additives/preservatives, fiber=high/source of fiber, protein=high/source of protein
**GLUTEN FREE AND PROTEIN**

**Deluxe Gluten Free 4 Almond, Sea Salt And Dark Chocolate Nut Bars**
United Kingdom, March 2018

DESCRIPTION: gluten free premium nut bars with a mix of almonds, puffed rice with sea salt and dark chocolate.

**Walmart**
United Kingdom | Feb 2017

**Enervit**
Italy | Sep 2017

**Gluten Free Bar With Extra Blueberry and Chocolate**

**Asda Almond Shot**

**Kelloggs Special K Protein Bar With Blackcurrant And Pumpkin Seeds**
Ireland, Feb 2018
<table>
<thead>
<tr>
<th>Product</th>
<th>Country</th>
<th>Date</th>
<th>Description</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maxim Protein Bite With Almond Crunch Flavor</td>
<td>Norway, Sep 2017</td>
<td></td>
<td>Protein bite with almond and a high content of natural ingredients. It contains a lot of vegan protein and fiber and is also low in sugar. Ideal before, during and after training.</td>
<td></td>
</tr>
<tr>
<td>Magnum White Chocolate Honeycomb And Almond Ice Cream Bar</td>
<td>United Kingdom, Mar 2018</td>
<td></td>
<td>Four honeycomb flavored ice cream bars coated with white chocolate (28%) and almonds (5%). Comes in plastic packets, held in a carton box.</td>
<td>Cracking chocolate. Californian almonds. Rainforest Alliance Certified cocoa. Green Dot Certified.</td>
</tr>
<tr>
<td>Ferrero Raffaello Coconut Almond Confection</td>
<td>Germany, Apr 2017</td>
<td></td>
<td>Individually wrapped coconut almond confections in a carton box. The unique recipe of Raffaello is a carefully selected composition of ingredients: white almonds from California, coconuts from the pacific islands and fine cream. Raffaello is pure enjoyment.</td>
<td></td>
</tr>
</tbody>
</table>
NEW: ALMOND FORMS FOR INNOVATION

Almond Milk with Pear and Vanilla Flavor
France, Mar 2018

Picard
France, May 2017
DESCRIPTION: 3 Best Almond Milk-Apricot Ice Cream

Eat Natural Darker Chocolate Fruit And Nut Bars With Almonds And Apricots

United Kingdom, Nov 2017

CLAIMS Gluten free. Eat Natural are seeking to help both the local people and the delicate biodiversity of the rainforest by supporting Amazon conservation and research into ways to control the threats that impact on the local people, both natural and man-made. Recyclable carton box. No artificial flavors or colors. No preservatives.
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Over 14 years of investment in public relations (and advertising) in the European market to raise awareness and demand for almonds.

2009 shifted the consumer focus from ingredient usage to snacking in Europe ...
Why France, Germany, United Kingdom, Italy?

- Addressable populations
- Largest retail food spenders
- Top markets for new almond product introductions
- Heritage with nuts & almonds
- Availability of almond products
- Influencers to the rest of Europe
PLAY VIDEO
AWARENESS OF ALMONDS AS A SNACK…

2007 - 2017

- 2007: 1%
- 2017: 28% (France)
- 2007: 2%
- 2017: 15% (UK)
- 2007: 1%
- 2017: 9% (Germany)
1,739,932,904
The number of consumer impressions generated through our marketing programs (that's like filling the 49ers Levy stadium 25,400 x)

47.4%
The percentage of new global almond products that are introduced in Europe (4,142 New Products Introduced)

4
The number of European markets where we now run consumer snack campaigns (UK, France, Germany, Italy)

1
Almonds are the #1 nut in Europe for new product introductions for the third year running
Thank you!