Creating Demand Around the World
Established Markets: North America and Europe
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Presenters:
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Stacey Humble, ABC
Dariela Roffe-Rackind, ABC
Almond Board of California

Global Market Development Analysis Project
Perspectives on Established Markets

December 8, 2011

Deloitte Consulting LLP
Over the course of the 12 week project, four phases were used to identify and evaluate opportunities.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Objectives</th>
<th>Key Activities</th>
<th>Key Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1: Region Selection</td>
<td>Establish filtering criteria to evaluate and select the most impactful and high potential markets for model inclusion</td>
<td>Develop baseline of almond consumption for key selected markets through production, category and consumption data inputs</td>
<td>Regional Selection Tool</td>
</tr>
<tr>
<td>Phase 2: Current Market Sizing</td>
<td></td>
<td>Forecast future consumption patterns and opportunities by analyzing global category trends, product innovation, and consumer preferences</td>
<td>Category Consumption Index</td>
</tr>
<tr>
<td>Phase 3: Future Market Sizing</td>
<td></td>
<td></td>
<td>Future Growth – Attractiveness Map</td>
</tr>
<tr>
<td>Phase 4: Opportunity Prioritization</td>
<td></td>
<td>Identify the most attractive opportunities for ABC to focus on and invest in based on various execution oriented considerations</td>
<td>Prioritized Opportunities List</td>
</tr>
</tbody>
</table>
The project evaluated market consumption across seven distinct food categories

The combination of a specific category with a given market creates what was referred to as a ‘market intersection’

<table>
<thead>
<tr>
<th>Food Category</th>
<th>Definition</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Snacking</td>
<td>Whole almonds (pasteurized or not, and packaged or not), <strong>granola/energy bars, cereal bars</strong>, trail mix, mixed nuts, almond crackers, industrial packaged baked goods and any other snack food with almonds as an ingredient</td>
<td></td>
</tr>
<tr>
<td>2. Confectionery</td>
<td>Candy bars and chocolate coated almonds</td>
<td></td>
</tr>
<tr>
<td>3. Cereal</td>
<td>Ready to eat (RTE) cereals, including both children’s and family cereals - <strong>does not include cereal bars</strong></td>
<td></td>
</tr>
<tr>
<td>4. Ice Cream</td>
<td>Ice cream products and novelties, including bulk and multi-pack</td>
<td></td>
</tr>
<tr>
<td>5. Bakery</td>
<td>Artisanal bakery goods made fresh and sold in bakeries, including cakes, pastries and bread - does not include industrial packaged, extended shelf life baked goods</td>
<td></td>
</tr>
<tr>
<td>6. Food Service</td>
<td>Quick casual, family casual, and fine dining restaurants, but does not include artisanal bakeries</td>
<td></td>
</tr>
<tr>
<td>7. Other</td>
<td>Almond milk, almond products used as cooking/baking ingredients, as well as other almond based foods (such as almond butter, almonds in rice, marzipan, etc.)</td>
<td></td>
</tr>
</tbody>
</table>
The concept of a country’s ‘addressable population’ was the first filter utilized in identifying potential opportunities for ABC

### Addressable Populations (Top 20)

<table>
<thead>
<tr>
<th>Country</th>
<th>Projected Population 2021</th>
<th>Total</th>
<th>Addressable</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 China</td>
<td>1,398,653,940</td>
<td>1,164,966,725</td>
<td>83%</td>
<td></td>
</tr>
<tr>
<td>2 India</td>
<td>1,401,888,600</td>
<td>774,393,506</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>3 United States</td>
<td>339,685,242</td>
<td>334,734,620</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>4 Indonesia</td>
<td>264,540,464</td>
<td>188,988,281</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>5 Brazil</td>
<td>211,707,407</td>
<td>184,535,433</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>6 Japan</td>
<td>124,452,649</td>
<td>121,584,759</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>7 Russian Federation</td>
<td>140,688,183</td>
<td>121,319,469</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>8 Mexico</td>
<td>127,009,575</td>
<td>113,926,224</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>9 Pakistan</td>
<td>208,474,354</td>
<td>93,954,632</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>10 Nigeria</td>
<td>208,911,216</td>
<td>81,540,219</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>11 Philippines</td>
<td>111,413,197</td>
<td>79,896,908</td>
<td>72%</td>
<td></td>
</tr>
<tr>
<td>12 Germany</td>
<td>80,877,368</td>
<td>78,688,211</td>
<td>97%</td>
<td></td>
</tr>
<tr>
<td>13 Bangladesh</td>
<td>168,933,283</td>
<td>77,458,622</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>14 Iran</td>
<td>81,545,392</td>
<td>70,857,229</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>15 Egypt</td>
<td>96,073,160</td>
<td>70,268,670</td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>16 Turkey</td>
<td>81,441,451</td>
<td>66,034,005</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>17 France</td>
<td>66,149,953</td>
<td>64,772,934</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>18 U.K.</td>
<td>66,167,985</td>
<td>63,371,307</td>
<td>96%</td>
<td></td>
</tr>
<tr>
<td>19 Viet Nam</td>
<td>97,026,982</td>
<td>61,858,009</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>20 Italy</td>
<td>61,265,272</td>
<td>59,029,711</td>
<td>96%</td>
<td></td>
</tr>
</tbody>
</table>

### Definition & Methodology

**Definition**

The percentage of a country or market’s population who can be effectively reached and influenced by ABC and industry efforts

**Addressable Population Factors:**

Addressable Population was estimated based on the following:

1. Population Projections 2021
2. Urbanization Projections 2021
3. Human Development Index

**Cutoff Point:** 25 million in addressable population by 2021

**Output:** 38 countries / regions
Countries were grouped into one of three types – Established, Emerging and Exploratory – based on the nature and extent of ABC’s efforts and experience.

**Summary of Type Classifications for Countries Evaluated**

<table>
<thead>
<tr>
<th>Country</th>
<th>Total</th>
<th>Addressable</th>
<th>%</th>
<th>Country Type¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>339,685,242</td>
<td>334,734,620</td>
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<td>U.K.</td>
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<td>63,371,307</td>
<td>96%</td>
<td>Established</td>
</tr>
<tr>
<td>Canada</td>
<td>37,457,985</td>
<td>36,629,985</td>
<td>98%</td>
<td>Established</td>
</tr>
<tr>
<td>South Korea</td>
<td>49,916,247</td>
<td>49,258,789</td>
<td>99%</td>
<td>Emerging</td>
</tr>
<tr>
<td>Middle East</td>
<td>53,955,396</td>
<td>48,892,998</td>
<td>90%</td>
<td>Exploratory</td>
</tr>
</tbody>
</table>

¹ ‘Country Type’ is how established the country / region is with regards to ABC’s efforts and activities, as well as knowledge of the market.
Established markets offer less significant opportunities solely in terms of total growth, but these opportunities typically improve in priority in light of other factors.

### Prioritization – Growth Only

<table>
<thead>
<tr>
<th>Growth Opportunity</th>
<th>'16 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 China Snacking</td>
<td>239.0</td>
</tr>
<tr>
<td>2 U.S. Snacking</td>
<td>94.0</td>
</tr>
<tr>
<td>3 India Snacking</td>
<td>36.5</td>
</tr>
<tr>
<td>4 U.S. Food Service</td>
<td>32.2</td>
</tr>
<tr>
<td>5 China Food Service</td>
<td>16.8</td>
</tr>
<tr>
<td>6 South Korea Snacking</td>
<td>12.7</td>
</tr>
<tr>
<td>7 U.S. Confectionery</td>
<td>12.2</td>
</tr>
<tr>
<td>8 Russia Snacking</td>
<td>9.1</td>
</tr>
<tr>
<td>9 Canada Snacking</td>
<td>8.7</td>
</tr>
<tr>
<td>10 India Confectionery</td>
<td>8.6</td>
</tr>
<tr>
<td>11 India Food Service</td>
<td>7.9</td>
</tr>
<tr>
<td>12 China Confectionery</td>
<td>7.7</td>
</tr>
<tr>
<td>13 China Bakery</td>
<td>7.2</td>
</tr>
<tr>
<td>14 U.S. Cereal</td>
<td>5.8</td>
</tr>
<tr>
<td>15 Japan Snacking</td>
<td>5.3</td>
</tr>
<tr>
<td>16 India Ice Cream</td>
<td>5.3</td>
</tr>
<tr>
<td>17 China Ice Cream</td>
<td>5.1</td>
</tr>
<tr>
<td>18 Middle East Snacking</td>
<td>4.8</td>
</tr>
<tr>
<td>19 Mexico Snacking</td>
<td>4.7</td>
</tr>
<tr>
<td>20 Russia Confectionery</td>
<td>4.3</td>
</tr>
<tr>
<td>21 France Bakery</td>
<td>4.0</td>
</tr>
<tr>
<td>22 Canada Food Service</td>
<td>4.0</td>
</tr>
<tr>
<td>23 South Korea Confectionery</td>
<td>3.5</td>
</tr>
<tr>
<td>24 U.S. Ice Cream</td>
<td>3.3</td>
</tr>
<tr>
<td>25 France Snacking</td>
<td>3.2</td>
</tr>
</tbody>
</table>

### Recommended Prioritization

<table>
<thead>
<tr>
<th>Growth Opportunity</th>
<th>Change</th>
<th>'16 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 U.S. Snacking</td>
<td>↑ 1</td>
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<td>↓ 1</td>
<td>239.0</td>
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<td>32.2</td>
</tr>
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<td>↑ 3</td>
<td>12.2</td>
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<tr>
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<td>↑ 4</td>
<td>8.7</td>
</tr>
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<td>NC</td>
<td>12.7</td>
</tr>
<tr>
<td>7 U.S. Cereal</td>
<td>↑ 7</td>
<td>5.8</td>
</tr>
<tr>
<td>8 India Snacking</td>
<td>↓ 5</td>
<td>36.5</td>
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<td>3.5</td>
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</tbody>
</table>
While every Established market is expected to increase its per capita consumption, overall consumption growth rates lag those of Emerging and Exploratory markets.

Loss of share of overall global consumption is likely for nearly every Established market through 2016.
Established markets have a more ‘balanced’ portfolio of almond consumption across categories relative to Emerging markets.

However, differences exist even within Established markets depending upon region.

### Established vs. Emerging*

- **Established**
  - 12%
  - 6%
  - 5%
  - 10%
  - 20%
  - 34%
- **Emerging**
  - 2%
  - 8%
  - 15%
  - 63%

### Established Markets by Region*

- **NA**
  - 2%
  - 18%
  - 51%
- **Eur**
  - 7%
  - 5%
  - 18%
- **Asia**
  - 22%
  - 26%
  - 37%

*Represents a straight, non-weighted average
While there are definite variations between them, the Established markets share a common set of attributes that influence their respective consumption outlook.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established infrastructure</td>
<td>Higher execution costs</td>
</tr>
<tr>
<td>Presence of sophisticated CPG</td>
<td>Greater retailer power</td>
</tr>
<tr>
<td>Higher income levels</td>
<td>Regulatory scrutiny on nutrition</td>
</tr>
<tr>
<td>‘Premiumization’ trends</td>
<td>Taxation</td>
</tr>
<tr>
<td>Greater health consciousness</td>
<td>Increased competition</td>
</tr>
<tr>
<td>Faster product introductions</td>
<td>Greater fail rates/shorter trend life</td>
</tr>
<tr>
<td>Wider product assortments</td>
<td>Stagnant population growth</td>
</tr>
</tbody>
</table>

The ability for almonds to gain significant consumption growth in most Established markets will likely come from ‘stealing share’ from other options, and as such will be more expensive to obtain and retain relative to other markets.

*Represents a straight, non-weighted average
Despite significant penetration by almonds into the market, the United States still offers room for growth for the industry across multiple categories.

**Total Consumption**

**United States**
- Per Capita: 1.48 lbs
- Population: 310 M
- Per Addressable: 1.51 lbs
- Addressable Pop.: 303 M
- % of Total: 98%

**Consumption by Food Category***

<table>
<thead>
<tr>
<th>Food Category</th>
<th>Consumption % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snacking</td>
<td>49%</td>
</tr>
<tr>
<td>Confectionery</td>
<td>17%</td>
</tr>
<tr>
<td>Cereal</td>
<td>5%</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>4%</td>
</tr>
<tr>
<td>Bakery</td>
<td>1%</td>
</tr>
<tr>
<td>Food Service</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60%</strong></td>
</tr>
</tbody>
</table>

**Future Consumption Trends**

**Growth by Category, 2010-16**

- Snacking: 62%
- Food Service: 21%
- Confectionery: 8%
- Cereal: 4%
- Ice Cream: 2%
- Other: 2%
- Bakery: 1%

**Almond Consumption per Capita** (Lbs per Person Annually)

- 2010: 1.48 lbs
- 2013: 1.65 lbs
- 2016: 1.87 lbs
- 2021: 2.20 lbs

**Sources of 2016 Growth**

- Category Penetration: 89%
- Population: 16%
- Food Category: -5%
While the most sizable (and stable) market in Europe, Germany will likely produce only moderate increases in domestic consumption in the coming years.

**Total Consumption**

**Germany**

- Per Capita: 1.60 lbs
- Population: 82 M
- Per Addressable: 1.65 lbs
- Addressable Pop.: 79 M
- % of Total: 97%

**Consumption by Food Category***

<table>
<thead>
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<th>Food Category</th>
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</tr>
<tr>
<td>Food Service</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>Marzipan = 37%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0%</strong></td>
</tr>
</tbody>
</table>

**Future Consumption Trends**

**Growth by Category, 2010-16**

- Other: 44%
- Snacking: 24%
- Cereal: 12%
- Bakery: 12%
- Ice Cream: 6%
- Food Service: 5%
- Confectionery: -5%

**Almond Consumption per Capita**

(Lbs per Person Annually)

- 2010: 1.59 lbs
- 2013: 1.64 lbs
- 2016: 1.68 lbs
- 2021: 1.76 lbs

**Sources of 2016 Growth**

- Category Penetration: 67%
- Food Category: 56%
- Population: 23%

* May not total due to rounding.
While the Russian market lacks the positive demographic trends of either India or Russia, many of its current consumer preference trends are positive.

### Total Consumption

**Russia**

- **Per Capita:** 0.24 lbs
- **Population:** 140 M
- **Per Addressable:** 0.29 lbs
- **Addressable Pop.** 114 M
- **% of Total:** 81%

### Consumption by Food Category

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<td>Cereal</td>
<td>1%</td>
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<tr>
<td>Other</td>
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### Future Consumption Trends

**Growth by Category, 2010-16**

- **Snacking:** 61%
- **Confectionery:** 29%
- **Food Service:** 7%
- **Cereal:** 1%
- **Ice Cream:** 1%
- **Bakery:** 1%
- **Other:** 1%

**Almond Consumption per Capita (Lbs per Person Annually)**

- 2010: 0.23 lbs
- 2013: 0.28 lbs
- 2016: 0.34 lbs
- 2021: 0.43 lbs

**Sources of 2016 Growth**

- **Category Penetration:** 5.9% CAGR
- **Food Category:** 23%
- **Population:** -1%

* May not total due to rounding
Creating Demand Around the World
Established Markets: North America and Europe

Moderator: John Talbot, ABC

Presenters:
Glenn Pappalardo, Deloitte Consulting
Stacey Humble, ABC
Dariela Roffe-Rackind, ABC
Today

• North America Market Overview

• Program Objectives

• Program Overview
  • Market Access
  • Trade Stewardship
  • Marketing

• Conclusions
**United States**

- **2010 Consumption:** 458.1 M lbs
- **% of Global:** 21.8%
- **Per Capita:** 1.48 lbs
- **Population:** 310 M
- **Per Addressable:** 1.51 lbs
- **Addressable Pop.:** 303 M
- **% of Total Population:** 98%

**Key Insights**

- **Shipments:** 490 million pounds
- **Production:** 67% of world production in 2009/2010 – projected to be 74% in 2011/2012
- **CPG Export:** 27 million pounds of CPG products are exported globally, the largest share going to Canada (40%)

---

* May not total due to rounding
Market Sizing Country Detail: Canada

**Total Consumption**

- **Canada**
  - **2010 Consumption:** 55.3 M lbs
  - **% of Global:** 2.6%
  - **Per Capita:** 1.62 lbs
    - **Population:** 34 M
  - **Per Addressable:** 1.67 lbs
    - **Addressable Pop.:** 33 M
    - **% of Total Population:** 97%

**Consumption by Food Category***

<table>
<thead>
<tr>
<th>Food Category</th>
<th>M lbs</th>
<th>Consumption % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snacking</td>
<td>28.5</td>
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</tr>
<tr>
<td>Confectionery</td>
<td>10.2</td>
<td>18%</td>
</tr>
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<td>2.9</td>
<td>5%</td>
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<td>Bakery</td>
<td>0.5</td>
<td>1%</td>
</tr>
<tr>
<td>Food Service</td>
<td>8.3</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>0.2</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>55.3</td>
<td></td>
</tr>
</tbody>
</table>

**Key Insights**

- **Almond Import:** 98% of almonds originate from the U.S.
  - **Shipments:** 45 million pounds
- **Almond Export:** Small amounts exported to Taiwan and Trinidad
- **CPG Import:** Majority of imports from the U.S.

* May not total due to rounding
North America Food Category

- The US market is a strong snack and ingredient market

Retail 76%

Snack 37%

Foodservice and Bakeries 24%

Ingredient 63%
North America Snacking

• Snacking continues to gain significance for almonds, and it is now estimated that snack nuts alone account for 48% of total pure almond volume in retail channels

• Pure almonds continue to outpace snack nut category and mixed almond growth and show no signs of stopping
Program Objectives
North American Program Objectives

We drive consumer demand in North America through focus in the categories of Snacking, Chocolate, Cereal and Food Service with the following objectives:

1. Strengthen almonds’ position as THE healthiest choice
2. Drive perception of California Almonds’ naturally satisfying flavor and crunch
3. Increase relevance of almonds to each target audience
Program Overview
Market Access: North America

Primary focus: regulatory environment

Budget impacts on:
- Market development $
- Research infrastructure
- Specialty crop funding

Food safety, traceability key drivers throughout supply chain

Leveraging key alliances for education, outreach
Trade Stewardship
Food Professional – Foodservice & Manufacturers

Events and Tradeshows

Target Audiences:
• Foodservice
• Manufactures

Media Outreach

Advertising

Recipe and concepts

Collateral
Marketing: Consumer Target Audience

• The North America target, Appetite for Life, is segmented by the intersection of health involved, food involved and heart health and represents nearly 50% of the adult population.

Source: Fall 2010 MRI.
Primary Consumer Target Audience: Jane

• **Target definition:** 35+-year-old professional woman, primary shopper, entertains friends, food-and-health involved, exercises regularly

• **Situation:**
  - Jane chooses almonds as the nut to eat most often on an ongoing basis
  - Almonds are not her favorite nor does she believe they are worth paying more for
  - She currently eats almonds one time per week or more
  - Super Jane currently makes up 20% of this target and eats 5x more almonds than Jane

• **Objective:** Integrate almonds into her daily life

• **Strategies:**
  1. Demonstrate a handful of almonds as a guilt-free mid-morning and mid-afternoon snack
  2. Show her how almonds add naturally satisfying flavor and crunch to foods she’s cooking or buying
  3. Showcase almonds as the healthiest and most relevant solution to her busy life
Maximizing Marketing Impact: Appetite for Life Print Advertising

- “A Handful of” Campaign
Maximizing Marketing Impact: Appetite for Life Online Advertising

Recipe Generator:

Not so sure what to make for DINNER?
Let almonds lead the way.

A handful of almonds makes everything better.
START WITH WHAT YOU HAVE ON HAND
MAIN INGREDIENT: ALMONDS
VEGETABLES: change it up
ALMOND TYPE: ALMOND PARMESAN CHICKEN

Snacking Banners:

What are you craving?
SWEET
Find the best almond for you

What are you craving?
SPICY
Find the best almond for you

What are you craving?
SAVORY
Find the best almond for you
Maximizing Marketing Impact: Appetite for Life Broadcast Advertising

• **Opportunity**
  • Reach AFL in key print vehicles where they are seeking healthy lifestyle solutions
  • Extend to TV and online recipe/cooking programming to build healthy snack and recipe messages in a meaningful way
  • October 2011 – March 2012

**Sudden Sophistication**

**Smart Snacking**
Maximizing Marketing Impact: Reaching Jane via Public Relations

- Opportunity:
  - Integrated PR efforts compliment Advertising to get Healthy Men to actively snack on a handful of almonds because of their health benefits

<table>
<thead>
<tr>
<th>Media Relations</th>
<th>Brand Partnerships</th>
<th>Celebrity Endorsement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sweepstakes</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Primary Consumer Target Audience: Healthy Men

- **Target definition:** U.S. adult men (not age specific), looking for simple ways to improve his heart health and maintain his weight, assists with some food shopping.

- **Situation:**
  - Almonds are not top of mind with men
  - Almonds are not their favorite nut
  - Men are not able to differentiate between the nuts
  - Men are starting to choose almonds more as the nut to eat most on an ongoing basis

- **Objective:** Actively chose a handful of almonds over other snack foods

- **Strategies:**
  1. Leverage almond health benefits as the reason to choose almonds as a snack
  2. Demonstrate all the opportunities to integrate a handful of almonds into their day
Maximizing Marketing Impact: Reaching Healthy Men through Advertising

Opportunity:
- Comprehensive Advertising efforts get Healthy Men to actively snack on a handful of almonds because of their health benefits

Broadcast Advertising
- ESPN
- SportsCenter
- Discovery Channel

Online Advertising
- CBS SPORTS.com
- Weight Watchers
- Pandora
- California Almonds

October 2011 – March 2012
Maximizing Marketing Impact: Reaching Healthy Men via Public Relations

• Opportunity:

  - Integrated PR efforts compliment Advertising to get Healthy Men to actively snack on a handful of almonds because of their health benefits

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</table>

Sweepstakes

Pros guide to snacking on the golf course

The point of PR strategy and messaging, in terms of branding and marketing, is to keep things simple and fresh while maintaining a strong brand presence.

With a healthy snack being a brand of almonds, the goal is to attract the attention of healthy consumers. One way to achieve this is through targeted advertising and promotions.

For instance, a sweepstakes could be launched in collaboration with a popular golf tournament. This partnership would allow the company to tap into the audience of golf enthusiasts, who are likely to be interested in healthy snacking options.

The sweepstakes could include a prize where the winner gets a golf lesson with a celebrity golfer. This would not only add a sense of exclusivity and excitement to the promotion, but also create a strong emotional connection with the brand.

Furthermore, the sweepstakes could be tied to the campaign’s goal of encouraging people to eat a handful of almonds daily. This could be achieved by creating a social media challenge where participants share their daily almond consumption and stand a chance to win the golf lesson.

By partnering with a well-known golf tournament, the company can reach a broad audience while also leveraging the credibility and prestige of the event. This partnership can help to build brand awareness and drive sales, as consumers associate the brand with healthy lifestyle choices and positive outcomes.

In conclusion, a well-crafted PR strategy that integrates advertising and promotions can effectively reach healthy men and encourage them to actively snack on a handful of almonds. By leveraging the power of partnerships and engaging campaigns, companies can create meaningful connections with their target audience and drive positive outcomes for both their brand and the health of consumers.
Total Media Impressions FY 2010/11:

9,728,334,407

Impressions from online media sources is the largest driver of news.
Marketing: Influencer Target Audience

- In order to have the greatest impact on consumers, we also target health professionals, to drive the almond health message.
Marketing: Reaching Consumers through Influencers

- Opportunity:
  - Increase frequency of recommendation and accuracy of portion size

Target Audiences: Registered Dietitians & Nurse Practitioners

1. Teaching Tools
2. Tradeshows & Educational Outreach
3. Advertising
4. Web/Mobile Outreach
Conclusions
North America Target Beliefs

Sound research and strategy drive our marketing program development

1. For the first year, almonds are tied (with cashews) for #1 nut associated with snacking

2. Almond liking, health, crunch, and taste scores reached all time highs in 2011

3. For the third year in a row, almonds were deemed the most essential/irreplaceable nut

4. For the third year in a row, almonds are the top nut for reported ongoing usage
• And...consumers are buying up almonds
  • Reported purchases per month reached an all-time high in 2011
For the first year ever, almonds are tied for top nut associated with snacking after almond mentions increased 1% pt. to an all-time high of 24%, and cashew mentions fell 1% pt. to 24%

- Peanut mentions continued a slow decline while pistachios have increased slowly from 6% in 2005 to 14% in 2011
- In Canada, almonds continue to beat cashews as the number one nut for snacking while cashews outscore almonds for U.S. consumers
- Respondents who are not in the ABC media buy continue to have lower awareness of almonds as a snack (16% vs. 24%) and awareness declined in 2011

Q13a: When you think about eating whole nuts by themselves as a snack, what one type of nut FIRST comes to mind?
Almonds are the nut eaten most often (as a snack and/or in other foods) for the second year in a row and continue to beat out peanuts (29% vs. 26%).

- Canadian respondents are more likely than U.S. respondents to report eating almonds most often compared to U.S. consumers with increasing magnitude (18% difference in 2011 versus 13% in 2010).
- Respondents not in the ABC media buy report lower scores for almonds consumption (15% vs. 29%) and fell 9% pts. in 2011.

*Question added in 2009.
Q13c: Which nut do you typically eat MOST often (as a snack and/or in other foods)?
Awareness: Top-of-Mind (First Mention)

- Top-of-mind awareness for almonds declined 1% pt. in 2011 while awareness for peanuts grew 2% pts. following a 4% pt. drop in 2010
  - Walnut and pecan awareness grew slightly while cashew awareness remained at 18%
  - Top-of-mind awareness of almonds is lower for respondents who do not subscribe to/regularly read magazines in the ABC media buy (15% vs. 21%) and awareness fell 3% pts. in 2011

Q1: When you think of nuts, which nut(s) come(s) to mind? [OPEN END]
Creating Demand Around the World: Established Markets: North America and Europe

Moderator: John Talbot, ABC

Presenters:
Glenn Pappalardo, Deloitte Consulting
Stacey Humble, ABC
Dariela Roffe-Rackind, ABC
Russia & EU3 Market Overview
Dariela Roffe-Rackind
RUSSIA
- Market Overview
- Program Overview
  - Market Access
  - Trade Stewardship

EU3
- Market Overview
- Program Overview
  - Market Access
  - Trade Stewardship
  - Marketing
### Total Consumption

**Russia**

<table>
<thead>
<tr>
<th>2010 Consumption:</th>
<th>33.1 M lbs</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Global:</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

**Per Capita:** 0.24 lbs  
Population: 140 M

**Per Addressable:** 0.29 lbs  
Addressable Pop.: 114 M  
% of Total Population: 81%

### Consumption by Food Category*

<table>
<thead>
<tr>
<th>Food Category</th>
<th>M lbs</th>
<th>Consumption % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snacking</td>
<td>11.2</td>
<td>34%</td>
</tr>
<tr>
<td>Confectionery</td>
<td>11.0</td>
<td>33%</td>
</tr>
<tr>
<td>Cereal</td>
<td>0.3</td>
<td>1%</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>1.3</td>
<td>4%</td>
</tr>
<tr>
<td>Bakery</td>
<td>4.4</td>
<td>13%</td>
</tr>
<tr>
<td>Food Service</td>
<td>3.2</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>1.7</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>33.1</td>
<td></td>
</tr>
</tbody>
</table>

### Key Insights

- **Shipments:** 33.5 million pounds – 48% increase over the previous year
- **Growth:** Russia almond snacking expected to grow by +9M lbs by 2016
- **Almond Import:** Imports are 50% US, 20% Spain, 10% Netherlands, 8% Australia
- **Almond Export:** Re-exports small quantities to Mongolia and Kazakhstan
- **CPG Import:** Imports primarily from Germany and Spain
- **CPG Export:** Minimal exports of confectionary product to Poland, and the Ukraine

* May not total due to rounding
Program Overview
Russia Program Objectives & Approach

• Facilitate strengthening of buyer/shipper relationships
• Improve quality and expand availability of roasted Almonds
• Improve understanding of sales potential of Almond containing products

Trade
Importers; Confectionery Companies; Snack companies
Market Access: Russia

Inconsistent trade relations

- No dispute settlement mechanism
- No transparency
- WTO membership now moving forward

Identification of industry, government alliances

- Not established to date
- Role of industry organizations to be assessed

"New" import requirements and verification

- MRL harmonization
- Reference Pricing
Opportunities:

- Provide in-depth understanding of California Almond fundamentals and technical aspects including varieties, forms, grades, and usage versatility
- Provide compelling reasons which inspire expanded innovation with almonds as a value-adding ingredient and favored nut of choice across categories

Trade Show Participation

- Ingredients Russia
- World Food Russia

Collateral

- Trade Communication/Technical Information Distribution
- Newsletters

Target Audiences:

- Importers
- Buyers and R&D personnel: Confectionery & Snack nut companies

Media Outreach

Educational conferences & Seminars

- Russian Delegation @ the Almond Conference
Trade Stewardship: Results

Shipments Growth:
• 48% in 2010/11
• 136% since the program started in 2004

New Products Introductions:
• Total new almond products increased 111% from 2004 to 2010

California Almonds Knowledge Increase:
• Varieties
• Forms
Today

**RUSSIA**
- Market Overview
- Program Overview
  - Market Access
  - Trade Stewardship

**EU3**
- Market Overview
- Program Overview
  - Market Access
  - Trade Stewardship
  - Marketing
Sound research and strategy drive our marketing program development

1. 248 M pounds consumed in EU3 (GMDA)

2. Programs traditionally focused on UK, France & Germany
   • 3 largest European populations (42% of total EU population)
   • Largest retail food spenders (46% of total EU retail food spend)
   • Top 3 European markets for new almond product introductions

3. Concentration of global/multinational food manufacturers in EU
   • Traditionally an ingredient market
   • Europe continues to introduce more almond products than any other region
   • Europe is a major trend driver for the rest of the world especially in bakery, chocolate/confectionery
   • Highest value bakery market in the world
   • Almond snack market is largely undeveloped
Market Sizing Country Detail: United Kingdom

### United Kingdom

**2010 Consumption:** 31.3 M lbs

- **% of Global:** 1.5%

**Per Capita:** 0.50 lbs

- **Population:** 62 M

**Per Addressable:** 0.53 lbs

- **Addressable Pop.:** 59 M
- **% of Total Population:** 95%

**Total Consumption:** 31.3 M lbs

### Consumption by Food Category*

<table>
<thead>
<tr>
<th>Food Category</th>
<th>M lbs</th>
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</tr>
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<tbody>
<tr>
<td>Snacking</td>
<td>6.4</td>
<td>20%</td>
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<td>Confectionery</td>
<td>9.7</td>
<td>31%</td>
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<td>Ice Cream</td>
<td>0.5</td>
<td>2%</td>
</tr>
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<td>Bakery</td>
<td>1.8</td>
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<td>Food Service</td>
<td>5.7</td>
<td>18%</td>
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<tr>
<td>Other</td>
<td>4.1</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31.3</td>
<td></td>
</tr>
</tbody>
</table>

### Key Insights

- **Almond Import:** Imports 50% US, 20% Spain, 10% Netherlands, 8% Australia
- **Almond Export:** Re-exports small quantities throughout Europe
- **CPG Import:** Imports primarily from Germany, Spain, and U.S.
- **Snacking:** UK has strongest per capita snacking volume in Western Europe

* May not total due to rounding
**Market Sizing Country Detail: Germany**

### Total Consumption

**Germany**

- **2010 Consumption:** 130.5 M lbs
  - % of Global: 6.2%

- **Per Capita:** 1.60 lbs
  - Population: 82 M

- **Per Addressable:** 1.65 lbs
  - Addressable Pop.: 79 M
  - % of Total Population: 97%

### Consumption by Food Category*

<table>
<thead>
<tr>
<th>M lbs</th>
<th>Food Category</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.2</td>
<td>Snacking</td>
<td>16%</td>
</tr>
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</tr>
<tr>
<td>4.6</td>
<td>Food Service</td>
<td>4%</td>
</tr>
<tr>
<td>52.4</td>
<td>Other</td>
<td>40%</td>
</tr>
<tr>
<td>130.5</td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

**Marzipan = 37%**

### Key Insights

- **Almond Import:** Largest importer, with 63% from U.S. and 20% from Spain. 90% of imported almonds used in manufacturing (over half for marzipan)
- **CPG Import:** Majority are processed almonds from Spain (blanched, sliced, etc.)
- **CPG Export:** 20% of manufactured goods are exported throughout Europe
- **Other:** Marzipan accounts for the majority of the “other” category; ~37% of total consumption in Germany

* May not total due to rounding
# Market Sizing Country Detail: France

## Total Consumption

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Consumption</td>
<td>85.7 M lbs</td>
</tr>
<tr>
<td>% of Global</td>
<td>4.1%</td>
</tr>
<tr>
<td>Per Capita</td>
<td>1.36 lbs</td>
</tr>
<tr>
<td>Population</td>
<td>63 M</td>
</tr>
<tr>
<td>Per Addressable</td>
<td>1.41 lbs</td>
</tr>
<tr>
<td>Addressable Pop.</td>
<td>61 M</td>
</tr>
<tr>
<td>% of Total Population</td>
<td>96%</td>
</tr>
</tbody>
</table>

## Consumption by Food Category*

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<td>14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85.7</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

## Key Insights

- **Production**: Low production, mostly Spanish varieties
- **Almond Import**: 33% US, 33% Spain, 33% other
- **Almond Export**: Exports throughout Europe
- **CPG Import**: Imports from Germany and Spain drive up per capita consumption
- **Bakery**: Represents a significant category in France at 34% of total consumption
- **Snacking**: Nuts represent nearly a quarter of snack volume sales in France

---

*May not total due to rounding.*
Program Overview
EU3 Program Objectives & Approach

- Increase awareness of California Almonds as a snack
- Increase preference for California Almonds
- Increase consumption of California Almonds

Consumers
Consumer healthy snacking program

Food Professionals (Manufacturer/Retailers)
Support and leverage ingredient market in key categories: Chocolate, Bakery, and Snacking

Health Professional Influencers
Proactive communication to increase recommendation
Market Access: Europe

Harmonized standards and import requirements

• Pesticide limits
• Contaminants
• Nutrition labeling

Collaboration on import needs

• Voluntary aflatoxin program reduced import controls

Role of industry, government alliances

Primary focus: regulatory, phytosanitary issues

Urgent, unanticipated issues

• Voluntary aflatoxin program reduced import controls
Opportunity:
Educate about almonds’ essential role in production formulations through consumer demand, nutrition research and almond functionality

Target Audiences:
- Research & Development
- Marketing and General Management

Media Outreach

Collateral

Relationship Maintenance
- Regular update meetings with European manufacturers, trade associations and retailers on marketing programs, research results, food safety, regulations etc.

Advertising

Events & Trade Shows
Opportunity:
To position almonds as a snack that is naturally satisfying and enhances “Jane’s” day

Target Audience/Jane:
EU3 women, 35+, health and food involved*

*Physiographic attitude statements were used to determine health and food involvement
First ever consumer advertising campaign launched in the UK in January 2011 (print & online)

Why UK?

- UK has the largest packaged snack and snack nuts market per capita yet the lowest, almond snack consumption per capita, almond share of snack nuts and almonds share of packaged snacks

- UK appeared to be the market most ready for almond messaging
  - Because of the snacking habits and health attitudes of UK Jane, almond messaging will likely be more relevant and powerful in this market
  - Greater number of “Janes”: One-third of female and nearly one half of Women 35+ qualify as Jane
UK Advertising Campaign

New handbag advertising creative introduced in October 2011

<table>
<thead>
<tr>
<th>FY11/12 Plan</th>
<th>Print Titles</th>
<th>Websites</th>
<th>Gross Print Impressions</th>
<th>Online Impressions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Media Budget (USD)</td>
<td>$800,000</td>
<td></td>
<td>16</td>
<td>37–39 million</td>
</tr>
<tr>
<td>Combined Reach</td>
<td>73%</td>
<td></td>
<td></td>
<td>21–23 million</td>
</tr>
<tr>
<td>Combined Frequency</td>
<td>7.3x</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Almond Taxis take over London to reach Jane in a highly visible way, to remind her throughout her day how almonds are a smart snacking solution.

<table>
<thead>
<tr>
<th>Delivery</th>
<th>London Taxi Wrap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reach</td>
<td>25% Jane (London)</td>
</tr>
<tr>
<td>Frequency</td>
<td>6–7x</td>
</tr>
<tr>
<td>Target Impressions</td>
<td>3,000,000 – 4,000,000</td>
</tr>
<tr>
<td>Schedule</td>
<td>3 months</td>
</tr>
<tr>
<td>CPM</td>
<td>$15-$20</td>
</tr>
</tbody>
</table>
Opportunity:
The PR campaign, fully integrates with the advertising creative and positions almonds as a healthy snack, providing simple ways to include a handful of almonds in a relevant way and taps into women’s universal love of handbags.
France Maximizing Marketing Impact: 30/30/30 Challenge

• Opportunity:
Position almonds as the smart snack for women on the go by introducing Jane to the 30/30/30 challenge: 30 days with 30 minutes of exercise and 30g of almonds.

Media Relations

<table>
<thead>
<tr>
<th>Celebrity Endorsement</th>
<th>The Challenge</th>
<th>Media Partnerships</th>
</tr>
</thead>
</table>

![Image of celebrity endorsement](image1)

![Image of The Challenge](image2)

![Image of media partnerships](image3)
Germany Maximizing Marketing Impact: Snacking: Make it Easy

- **Opportunity:**
  A campaign to ensure Jane always considers almonds as an easy and healthy snack option, and ultimately, adds them to her snacking repertoire.

<table>
<thead>
<tr>
<th>Media Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celebrity Endorsement</td>
</tr>
<tr>
<td>Media Partnerships</td>
</tr>
<tr>
<td>Competitions</td>
</tr>
</tbody>
</table>

![Celebrity Endorsement](image1.png)

- NDR2
- 104.6 RTL
- antenne BAYERN
- Radio PARADISO
- hr3
- FÜR SIE
- Brigitte Balance
- InStyle
- Women’s Health

![Competition Prizes](image2.png)

- Susanne fröhlich
- Longchamp handbag
- Almonds

![Almonds](image3.png)
Marketing: Reaching Consumers through Influencers

Opportunity:

• Increase frequency of recommendation and differentiation amongst nuts

Target Audiences:
European nutritionists and dietitian influencers

Advocate communication

Information Tools

Advertorials

Tradeshows & Educational Outreach
Results
Consumers are buying up snack almonds

- Both the U.K. (+39%) and France (+9%) saw growth in almond snack nut volume sales vs. YAG with stable to increasing prices
- Almond sales outpaced total category growth in both the U.K. and France
- Volume sales in Germany, however, decreased 10% while prices increased significantly

<table>
<thead>
<tr>
<th>Market</th>
<th>Almond* volume share of snack nut category</th>
<th>Volume change vs. YAG</th>
<th>Price change vs. YAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.K.</td>
<td>3%</td>
<td>39%</td>
<td>0.2%</td>
</tr>
<tr>
<td>France</td>
<td>4%</td>
<td>9%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Germany</td>
<td>6%</td>
<td>-10%</td>
<td>20%</td>
</tr>
</tbody>
</table>

IRI, August 2011
*Pure almond snack nuts
Public Relations Results

Total Impressions FY 10-11:

1,645,293,854

(an increase of 550% over FY 09-10)

Media Mix Current Programs: EU Q1 – Q4

Impressions from online sources make up more than three-quarters of coverage for ABC in FY12.
UK retailers are responding

Given the support the Californian Almond Board are investing we intend to give snack almonds an opportunity in our stores.

Chris Gee, Tesco buyer
(Tesco now have four lines of snack almonds in store yet a year ago only one)

I’ve seen the promotional support in the women’s magazines and see that there is a commitment to the snack category by the Californian Almond Board. In turn Sainsbury must do more to help support almonds in the snack category. I will be looking at more lines in the New Year to assist build the more profitable almond category.

Peter Ward, Sainsbury buyer

It’s about time somebody invested in the snack nut category and I’m delighted with the Almond Board’s support. I am looking at ways to build the category, and for almond producers both brand and private label to build share the Almond Board’s investment is an essential part.

Victoria Green, Waitrose nut buyer