



Europe: Playing a Pivotal Role in Almonds' Future





AGENDA

2. EU TRENDS DRIVING **ALMOND CONSUMPTION**

– Kath Martino Consultant, Europe (ABC)

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

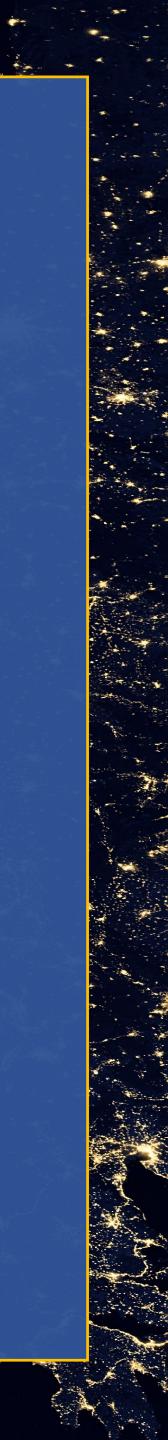
1. WHY EUROPE MATTERS

– Emily Fleischmann Vice President, Global Market Development (ABC)

3. ABC MARKETING PROGRAMS

- Dariela Roffe-Rackind Director Europe & Global Public Relations (ABC)

4. TRADE & REGULATORY UPDATE







Maintaining a portfolio of markets has been key to Almond Board approach to Global Market Development—from two mindsets:

Emerging/Established/Exploratory



Geographical Dispersion





CURRENT PROGRAMS

NORTH AMERICA

- •Canada
- •U.S.
- Mexico

EUROPE •UK •France

- •Germany
- •Italy

EXPLORATORY MARKETS

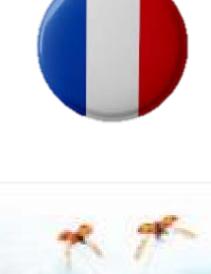
- •Brazil
- Chile
- Argentina





HISTORICAL LOOK AT EUROPEAN PROGRAMS

- Investment in European Programs started 20+ years ago
- Consumer Programs started as a Pan-Euro Approach from a strategy, positioning and creative • However, realized that the consumer dynamics warranted separate programs for consumer





Nature Does Things Well

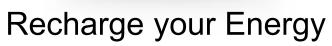




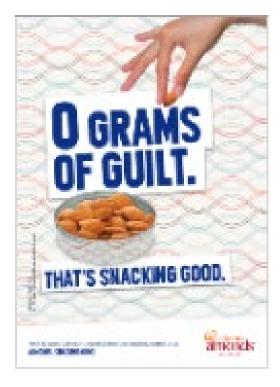
Snack the California Sun











That's Snacking Good





The Future Proof Nut



OUR PRESENCE IN EUROPE IS PIVOTAL AT THIS TIME FOR CA ALMONDS.

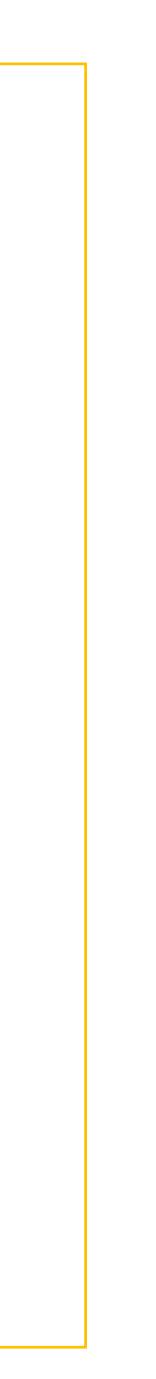
While investment in Developing Markets such as INDIA and CHINA are critical to fuel demand growth

Developing market uncertainties:

- Name changes
- Tariffs
- Difficult Regulatory Environment

Europe

- Influence of the region
- Key market shifts that CA Almonds should be present for



EUROPEAN SHIPMENTS ARE LARGE

Western Europe: 573 Million

25% global almond shipments

SOURCE: Position Report July 2018; NID ABC 2019

EU4: 240 Million

11% global almond shipments



HISTORICALLY THE EUROPEAN MARKET HAS BEEN SUPPORTED BY TWO TRADITIONAL CATEGORIES.

Marzipan



Almond Shipments	(Lbs)) Per	Capit
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<u>98/99</u>
1.3
0.9
0.9
0.3
0.6



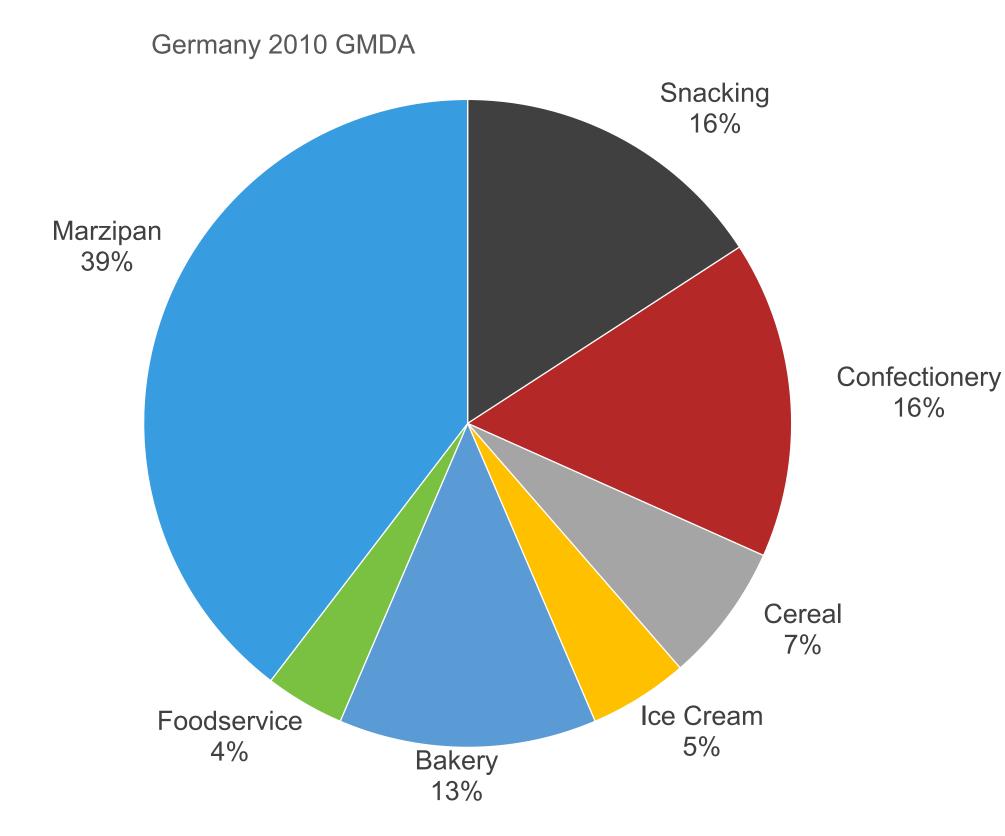
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Per capita consumption in Europe led the Globe 20 years ago, supported by traditional consumption.



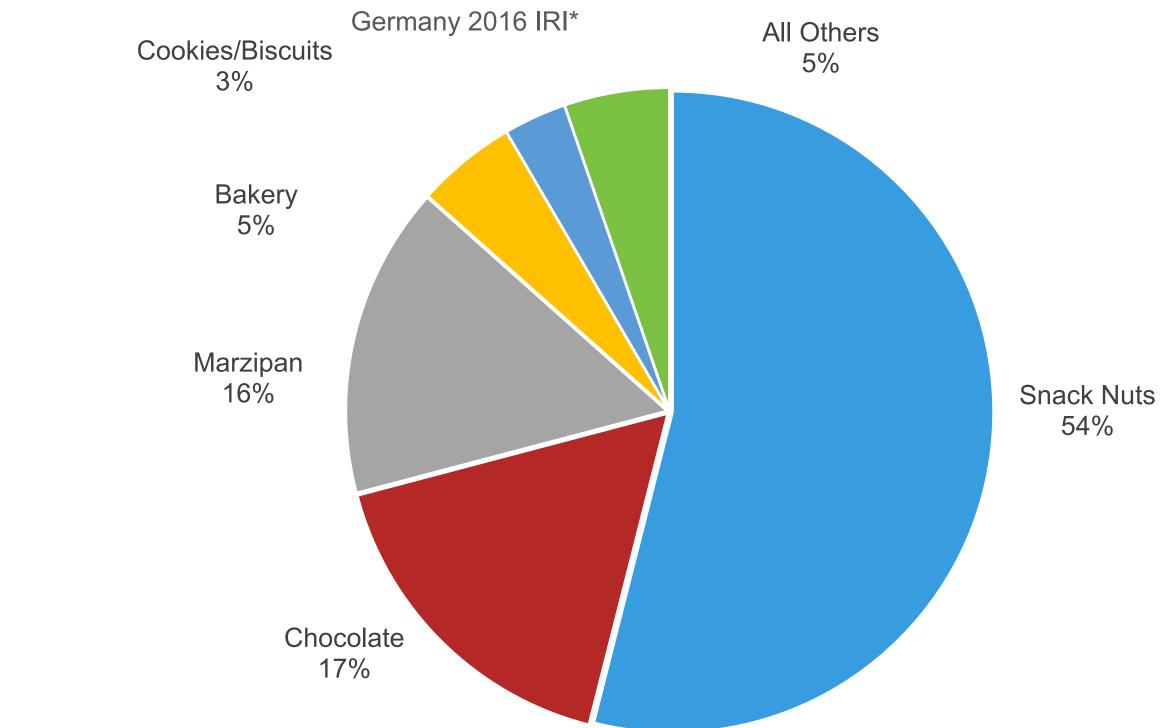


BUT, EATING HABITS ARE CHANGING



"Marzipan has a frumpy, slightly dowdy image"

-Janine Judetzki, Lemke (manufacturer)



"Usage in traditional bakery products are declining as consumer look towards healthier options."

-Euromonitor Europe November 2018



PER CAPITA CONSUMPTION HAS INCREASED WITH THE RISE OF SNACKING OFFSETTING DECLINES IN TRADITIONAL EATING



ALMOND SHIPMENTS (LBS) PER CAPITA

	<u>98/99</u>	<u>17/18</u>
RMANY	1.3	2.0
NCE	0.9	1.6
Y	0.9	1.5
TED KINGDOM	0.3	8.0



EUROPEANS AFFINITY FOR ALMONDS IS GROWING

FRANCE

- #1 HEALTHIEST NUT
- #1 NUT EATEN AS A SNACK
- #1 NUT POSITIVE STORY RECALL
- #1 AVERAGE
- CONSUMPTION
- #1 BAKING ASSOCIATION

• #1 HEALTHIEST NUT

UK

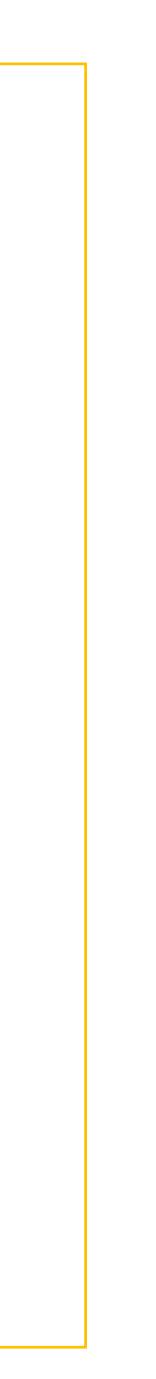
- #1 EATEN IN OTHER FOODS
- #1 NUT POSITIVE STORY RECALL
- #1 BAKING ASSOCIATION
- #3 NUT EATEN AS A SNACK

While barriers in each of the market differ to some extent, they are similar in that consumers are all seeking healthier eating options, snacking more and know little about almonds.

GERMANY • #1 EATEN IN OTHER FOODS • #2 HEALTHIEST NUT • #2 NUT POSITIVE **STORY RECALL** •#4 NUT EATEN AS A **SNACK**

ITALY

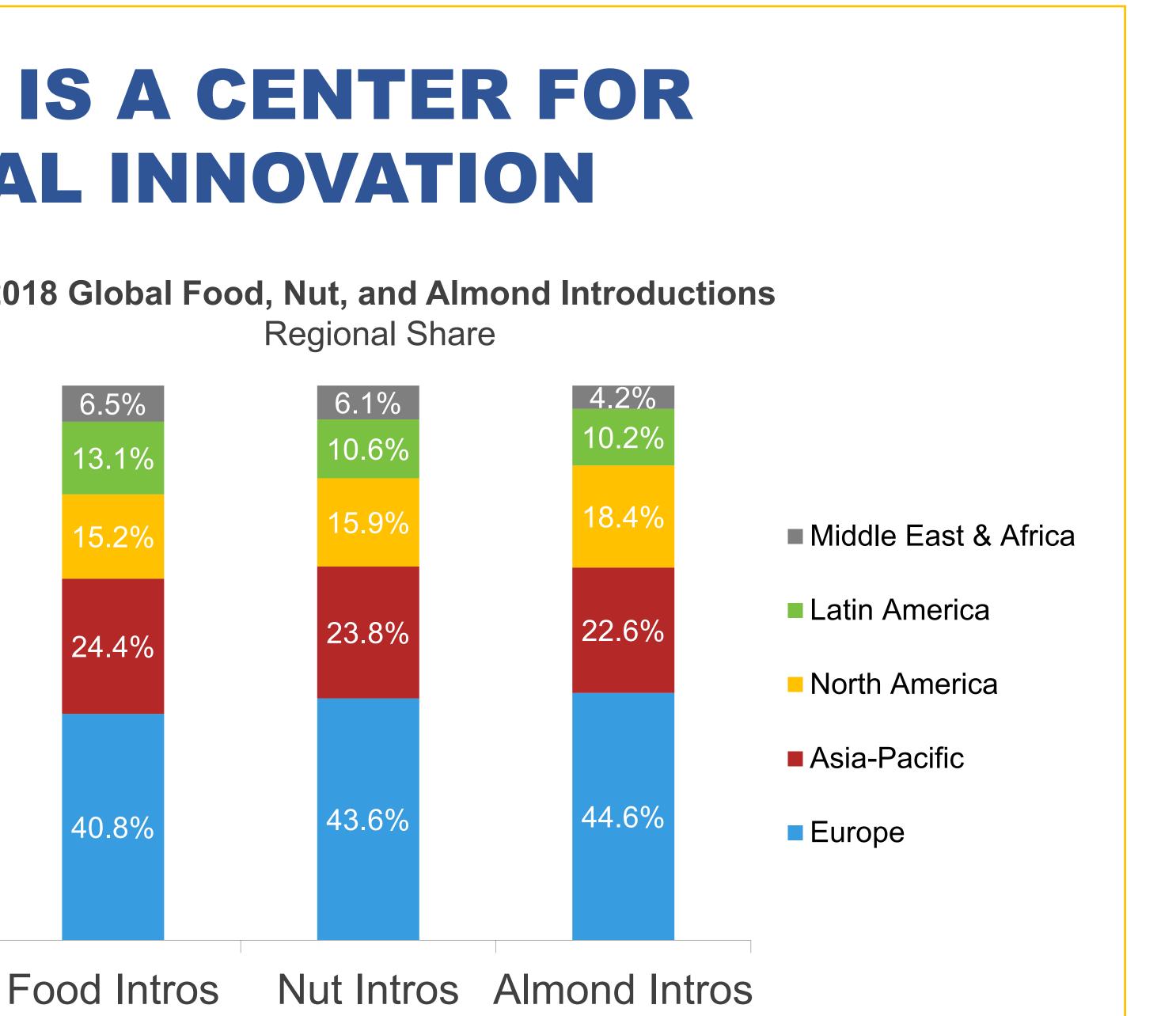
- #1 NUT FOR TOP OF MIND AWARENESS
- #1 NUT EATEN AS A SNACK
- #1 HEALTHIEST NUT
- #1 BAKING ASSOCIATIONS



EUROPE IS A CENTER FOR GLOBAL INNOVATION

2018 Global Food, Nut, and Almond Introductions Regional Share

 Europe introduced nearly 2X 	3.19
mara almond products than any	5.29
introductions outpaced food	4.4 [°]
 Launches often start in the UK for Europe 	
40).8º



EUROPE LEADS THE WORLD IN ALL 5 CATEGORIES FOR ALMOND INTRODUCTIONS

Bakery 47%





Confectionery 57%

Snacks 36%



1st largest region for almond introductions
45% of global almond intros were in Europe
41% of European nut intros were almonds

Cereal 40%





Bars 37%



EU3 SNACK MANUFACTURERS' INFLUENCE STRETCH BEYOND BORDERS





PEPSICO

Sainsbury's







L'EXPERT DES FRUITS SECS DEPUIS 1974



LEADING CPG MANUFACTURERS





















AND THE EUROPEAN GLOBAL CHOCOLATE **MANUFACTURERS DRIVE IMPACT IN NORTH AMERICA AND ASIA**

KEY CPG CHOCOLATE MANUFACTURERS

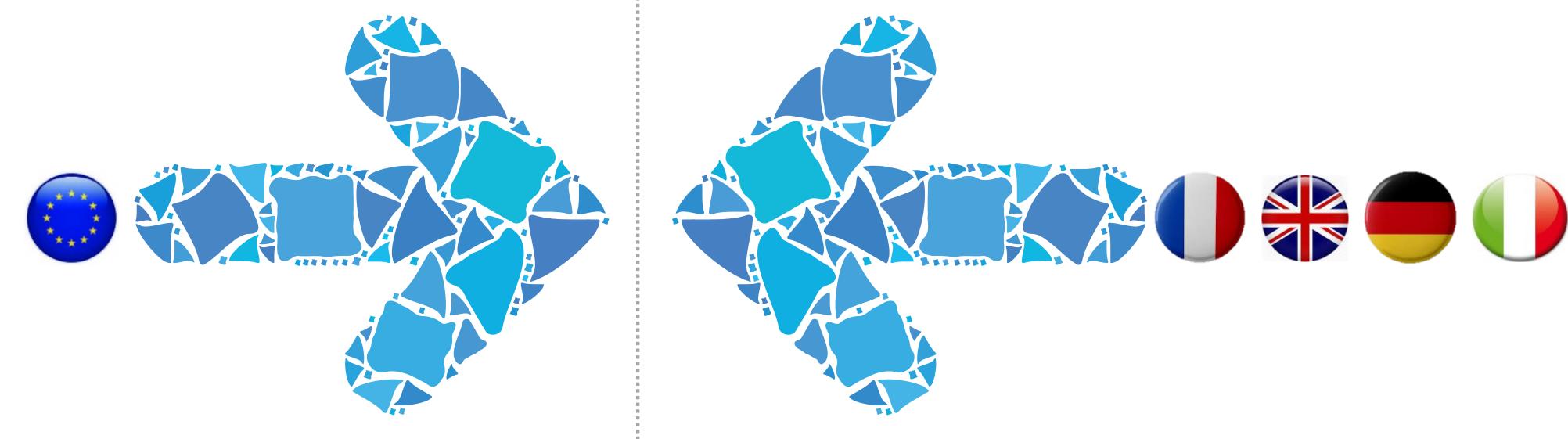
TIER 1	TIER 2	TIER 3
Mondelez	Ferrero	Lindt
Nestle	Hershey's	Lotte
Mars		Arcor
Barry Callebaut		Storck
		Meiji



ABC'S APPROACH TO EUROPE

PAN-EUROPE

Inspire & Educate food professionals



UK, France, Germany, Italy Increase consumer demand



N SUMMARY

EU4 collectively is our second largest market

Continued investment in Europe is critical to: Capitalize on the influence of the region Offset declines in traditional categories



EUROPE: FOOD TRENDS









FIE

TEF

WORLD FIRST MEAT-FREE BUTCHERS





















SUSTAINABILITY GOES LONG



LUSH NAKED STORES

LEADING THE WAY IN REDUCING PACKAGING









ALARA SCOTTISH OATS

Traditionally kiln-dried and stone-milled

Positively impacting climate change in a delicious and sustainable way



tioin THE BIG DIG AT ALARA PERMACUEURE DIEST





CARLSBERG

<image><text><text>

Com -

MAGGINER

COMMITTED TO ZERO CARBON EMISSIONS ACROSS EUROPEAN BREWERIES BY 2030





INDULGENCE GOES INDIVIDUAL



HE CLEAN VI Sainsbury's No & Low Alcohol Pub

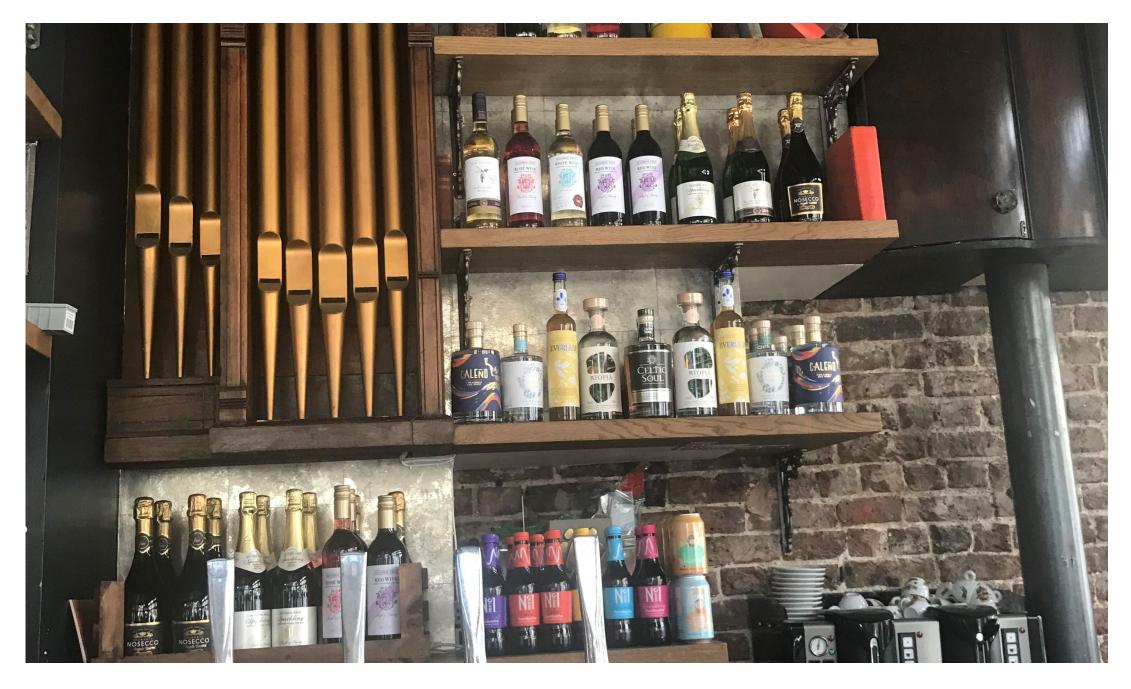
THE CLEAN VIC

ELCOME TO

LONDON'S ONLY ALCOHOL-FREE PUB







BRINGING BESPOKE INDULGENCE TO LIFE



KitKat















NUTRIBEES

NutriBees

CUSTOMISED, TASTY, HEALTHY HOME-DELIVERY MEAL SERVICE

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WHAT DOES ALL THIS MEAN FOR ALMONDS?













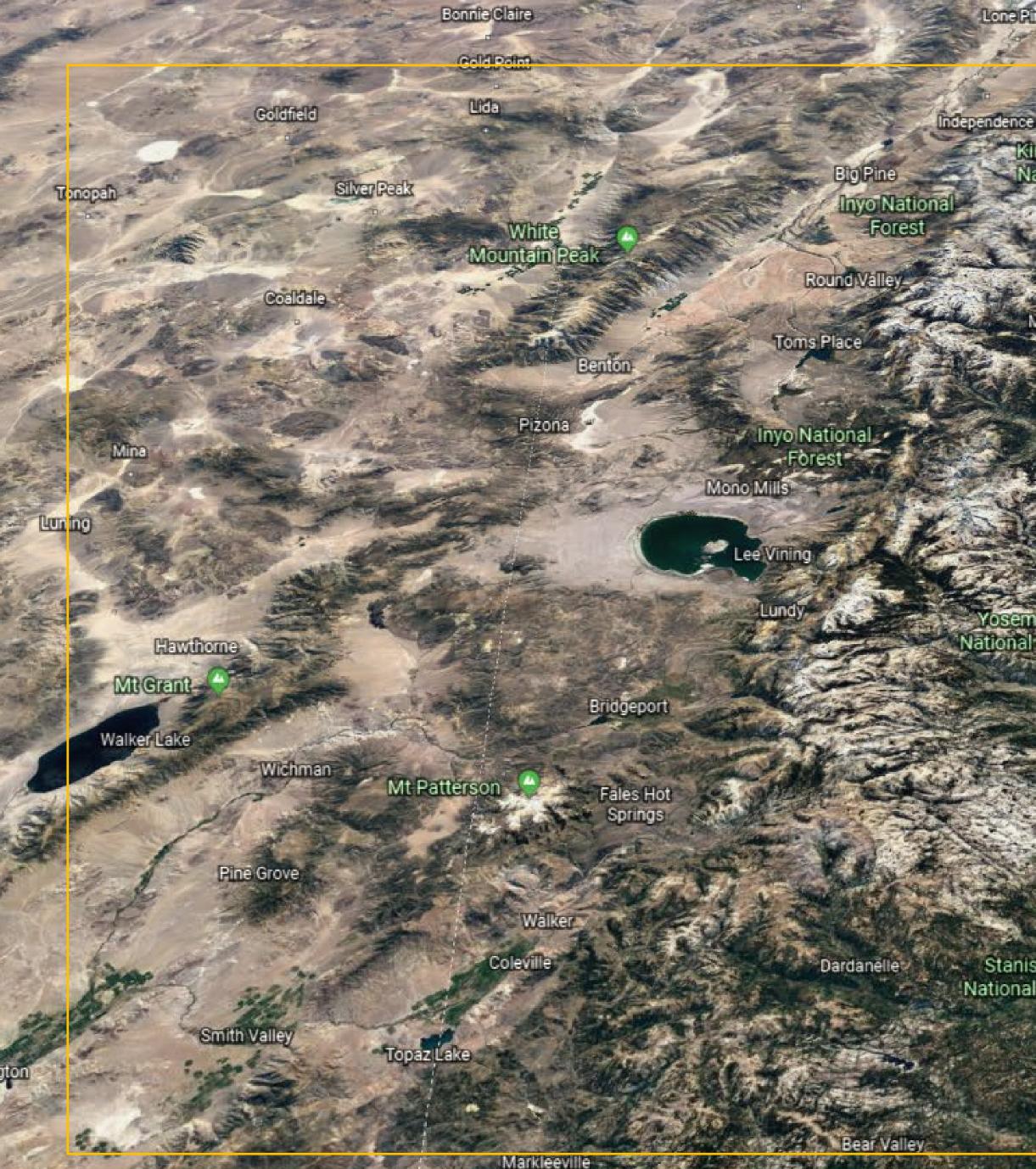
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National Forest Buttonwillow Wasco Porterville National Park Visalia Tulare Three Rivers Kings Canyon National Park Grant Grove Dinuba Hanford Sawmill Flat Lemoore Mono Hot: Shaver Lake Clovis - Fresno *Springs Sierra National Auberry Kerman San Joaquin Forest Friant North Fork ranguillity Madera Mendota - Oakhurst Raymond Fish Camp Firebaugh Wawona Chowchilla Mariposa Catheys Valley Le Grand Planada Incline Merced Hornitos Mather Atwate Buck Meadows Coulterville Groveland La Grange Turlock Tuolumne Stanislaus National Forest Sonora Columbia

Copperopolis

ngels Camp

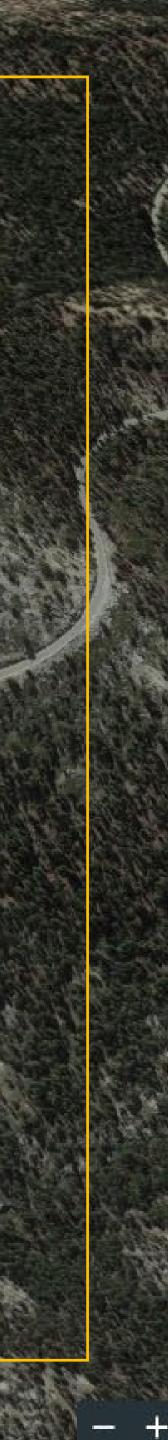
Big Trees







Million







Why France, Germany, United Kingdom, Italy?

- Addressable populations
- Largest food spenders
- New product introductions
- Heritage with almonds
 - Availability of products
- Influencers

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DE

2017

2018





19.7 Million Adults Age 25-54 49% Males | 51% Females 32% of Italians

Actively seek out information about health and nutrition, They like to experiment with food.

Often snack between meals. Plan snacks in advance.

Take care of their appearance, looking youthful and fit is important.

• Follow a regular exercise regimen.



9.72 Million Women Age 25-54 31% of German Women 25 +

- Regularly creates snacking occasions between meals
- Good food makes life worth living, and it should be exciting, tasty, and convenient
- Primarily to maintain weight and diet, but tension lives between good food and health goals

8.5 Million Women Age 25-54 67% of French Women 25+

• Routine snacker between meals • Enjoys cooking new dishes, likes to try new products, and invests in quality

• Consciously pays attention to a healthy and balanced nutritional diet

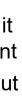
DE: DE-Lightful Snackers



12.5 Million Adults Men & Women Age 25-54 25% of UK Adults 18+

- Trying to avoid foods with artificial additives and preservatives.
- Takes care of themselves physically.
- Will pay more for high quality foods.

UK: Health Seekers



Message **Deep Dives**

Target refinement and messages



























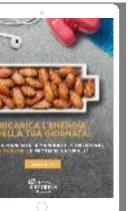
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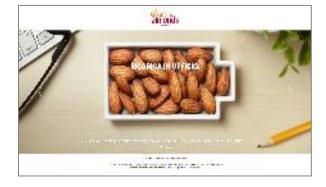


























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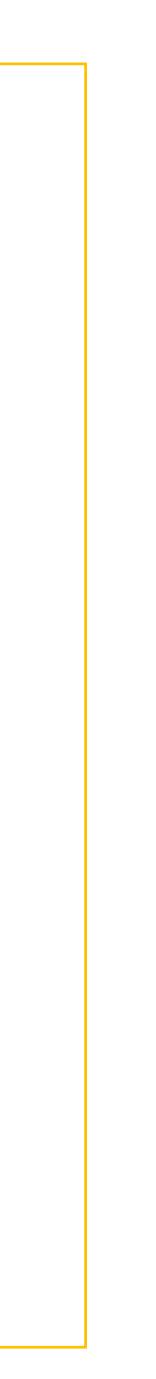
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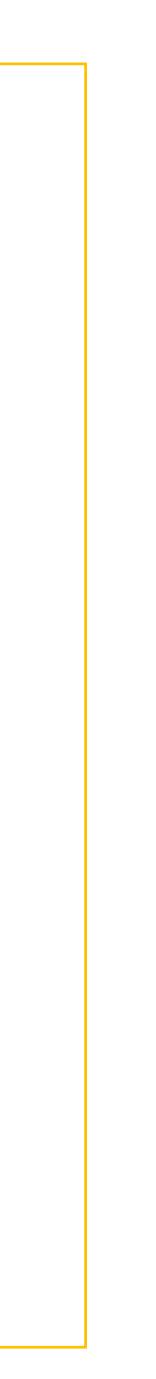






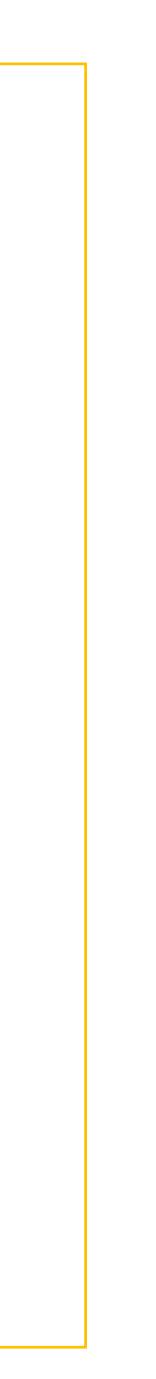




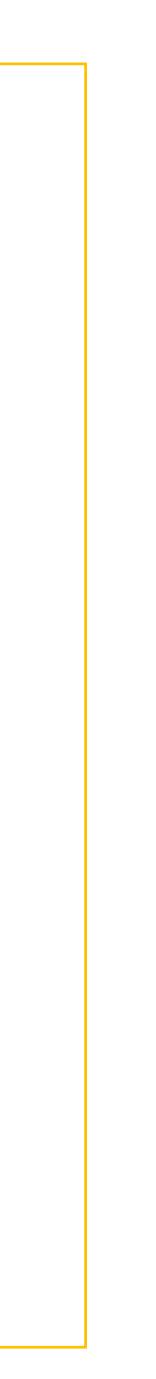






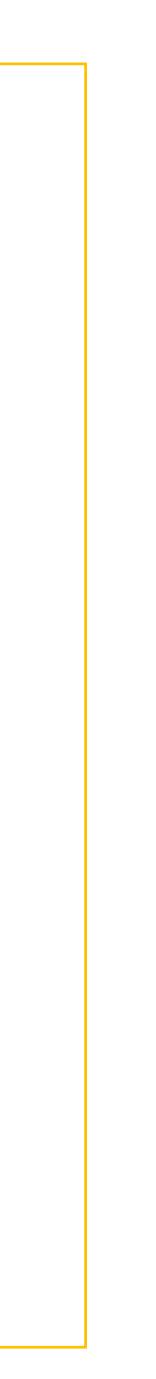


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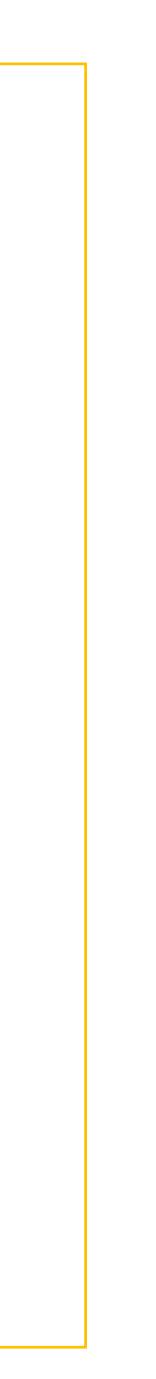






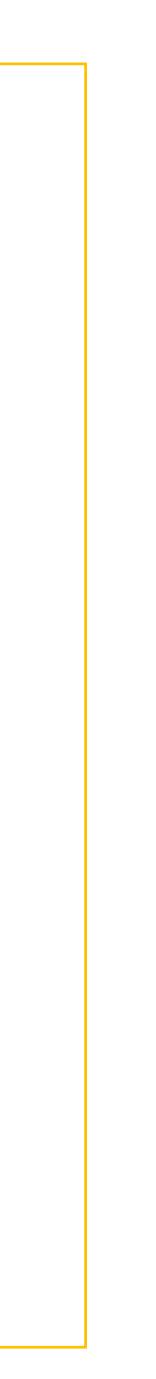




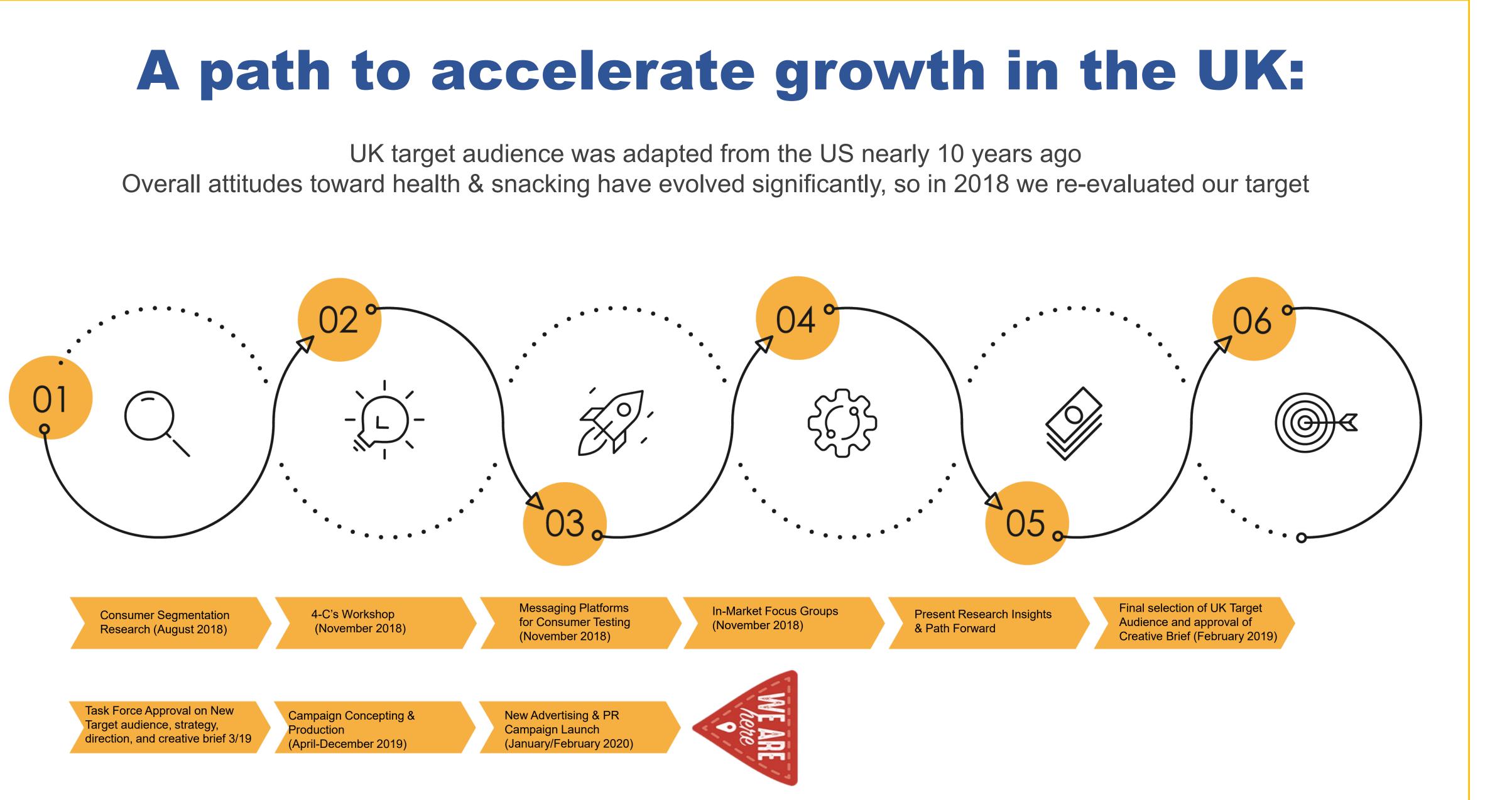




DO YOU ALMOND?



UK target audience was adapted from the US nearly 10 years ago















WHAT'S NEXT (IN 3)NORDS)

UK: Do You Almond

- France: Refresh Market Approach
- **Germany: Focus on Beauty**
- taly: Piano. Piano. Piano
- **Europe: Inspire and Educate**





EUROPE: SUCCEEDING IN A CHALLENGING TRADE ENVIRONMENT



E.U.: Brexit Import testing Pesticide MRLs

Turkey: 25% tariff on U.S. Almonds

India: $35 \rightarrow 41$ rupees/kg on inshell $100 \rightarrow 120$ rupees/kg on kernels Labeling Grades/standards

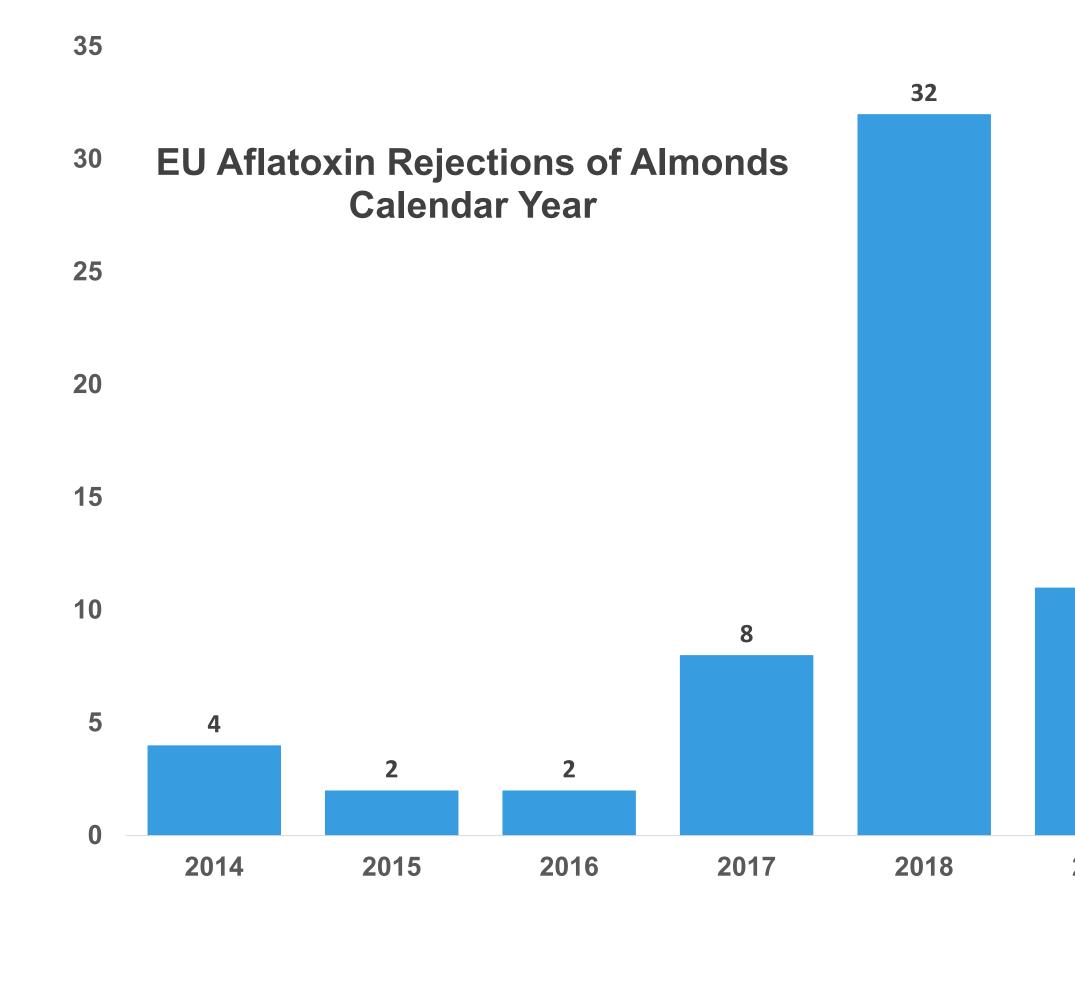
Japan: "Partial" FTA Import testing

China: 60% tariff on kernel/inshell U.S. almonds 20% tariff on preserved nuts (in cans) 40% tariff on processed or preserved



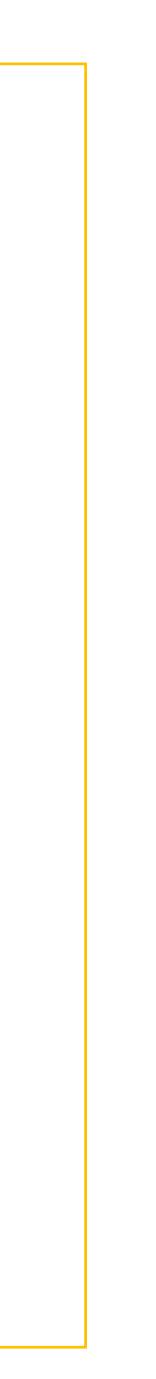


AFLATOXIN: LINGERING CONCERN BEARS MONITORING



- Back to < 1% import control
- Spain, Italy still testing more
- Continuing engagement with USDA/FAS, Spanish authorities
- Reprocessing successful a good option in right situation

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WHAT WE ARE WATCHING

- Europe 2nd largest export region
- Consolidation of companies, production facilities
- Brexit EU 27 + 1?
- Almond TRQ: What's the split?
 - EU 27 85,958 MT (95.5%)
 - UK 4,042 MT (4.5%)
- EU Pre-Export Certification
 - Only U.S. commodity recognized by EU
 - Less than 1% import inspection: will UK adopt2
- Pesticides and Hazard Criteria. How will ag tools be impacted going forward?





























PEPS





PLATFORM



BUT THERE IS GOOD NEWS

- Finding the **common language** lacksquare
- **Right focus** on food safety, grower \bullet practices, environmental concerns
- Ensures acceptance at a customer ulletand supplier level
- Tells our story using existing systems
- Demonstrates continuous lacksquareimprovement
- Leads to greater **TRUST**



BUILDING ON THE SUSTAINABILITY ADVANTAGE

Grower Self-Assessment

LANCESCO, NUMBER

Efficiency

ner south datasets print for her "

Water

Party and Statesty.

Service Provide Laboration in the

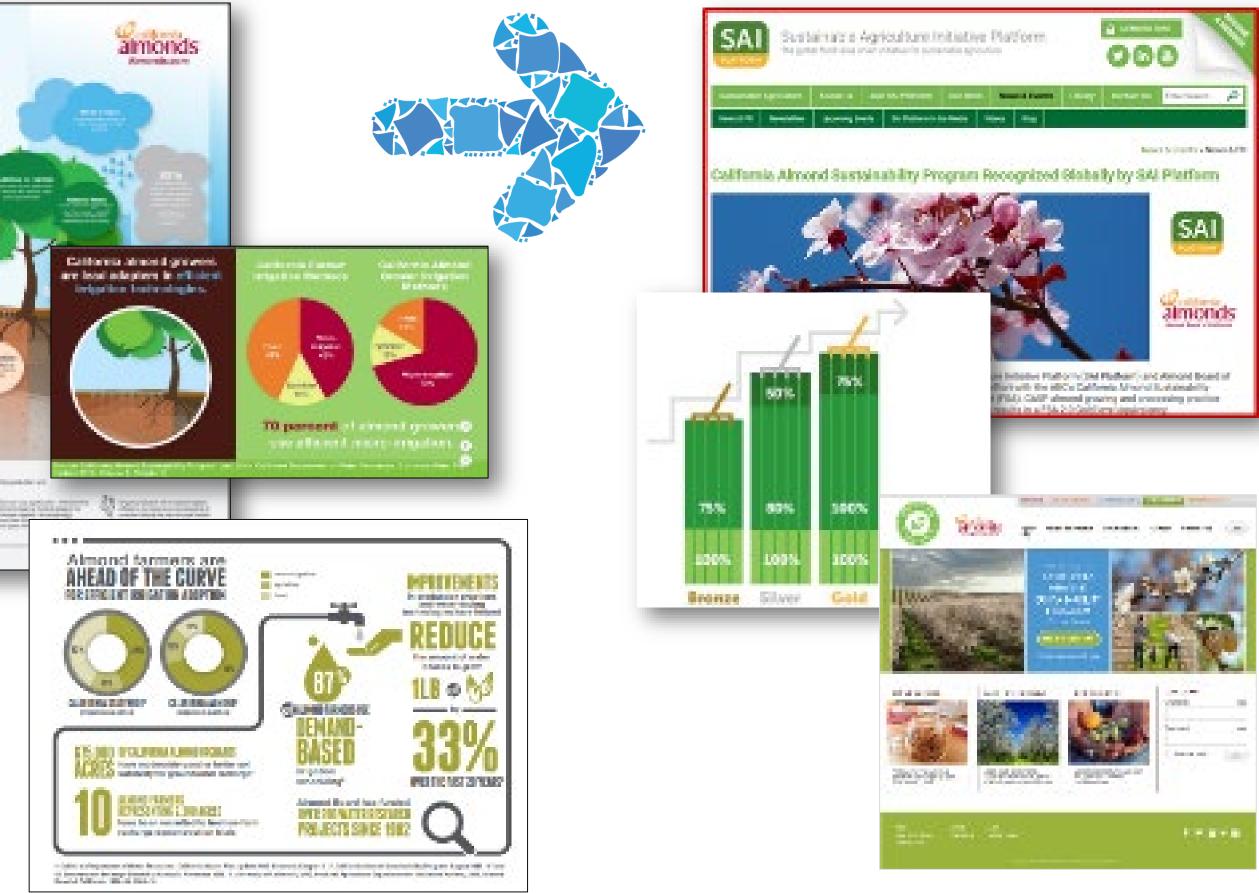
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Reputation/Communication

Supply Chain Support





Join the Conversation!



Use #AlmondConf to share highlights from The Almond Conference







Thank you!

