

CALIFORNIA PRUNES @IPA

VILLENEUVE SUR LOT, FRANCE
MAY 28, 2018



CONSIDERATIONS

- ❖ We must share our story if we expect to grow our share and price in a very competitive and fluid category
- ❖ A celebration of food, healthy eating and clean label trends offer a bright future for prunes
- ❖ Labor, energy, regulation, competing crops, orchard threats, small fruit production and related low prices challenge the sustainability of the prune industry
- ❖ IPA can serve as a catalyst to help meet some of our common, non-proprietary needs

Opportunities

'Health & Wellness' continues to drive sales

70%



of global consumers actively making dietary choices to help prevent health conditions

68%



willing to pay more for food & drink that do not contain 'undesirable' ingredients

"Consumers are adopting a back to basics mind-set, focusing on simple ingredients and fewer processed foods"

"Retail sales data shows that consumers are cutting back on certain foods that are typically high in fat, sugar or sodium but there remains a place for indulgence in consumers' diets, particularly more healthful treats"

*source: The Nielsen Global Health and Ingredient-Sentiment Survey, Q1 2016/AC
Nielsen Global ingredient and Out of Home Dining trends report August 2016



The Food People

Hot Trends 2017-18

HOT TRENDS 2017-2018

DUDE FOOD 2.0
Bro-factor dude food which has traditionally been meat heavy is having a change up, keeping its classic characteristics of indulgent, generous and rich, but vegetable based instead.

CARBS ARE BACK
Harsh, starch and protein in bread and pasta and all things carbs are bringing them back to the table.

CHILL
Trend is coming from the

NOOTROPICS
The latest buzz word in the world of functional food, drinks and supplements as consumers seek to be the most efficient, best version of themselves. Promising to make you smarter or at least protect and improve brain functioning they have wide appeal from the overachievers of Silicon Valley to the worried well conscious of age related degenerative brain disease.

FAUX FOOD
Nothing is as it seems! Chefs and restaurants have been forced to embrace plant based eating and are pushing the boundaries, creating clever, creative imitation meat to confuse and excite the senses.

VEGAN
No longer the 'weird', 'fussy' and 'awkward' diner...Vegans are now in Vogue. There is certainly nothing bland or boring about the new wave of Vegan options.

GUT HEALTH
Gut health is being recognized as key to overall health with many consumers paying closer attention to the foods and factors which negatively impact on their gut health. Interest in gut health is increasing the popularity of probiotics, fermented foods and digestive enzymes whilst also demonizing common allergens which can irritate.

FOUR PILLARS
PROUDLY EST. 2012

CRAFT SPIRITS
It's happened in beer but now the spirits world is set to experience the craft boom. Like in many other areas of food and drink consumers are demanding spirits which are more authentic, less produced and unique and craft is much more likely to be considered an experience which can be enjoyed without the negative associations attached to alcohol.

SECOND LIFE RECYCLED
Reusing food waste to create and adapt to new dishes both in food service and retail products.

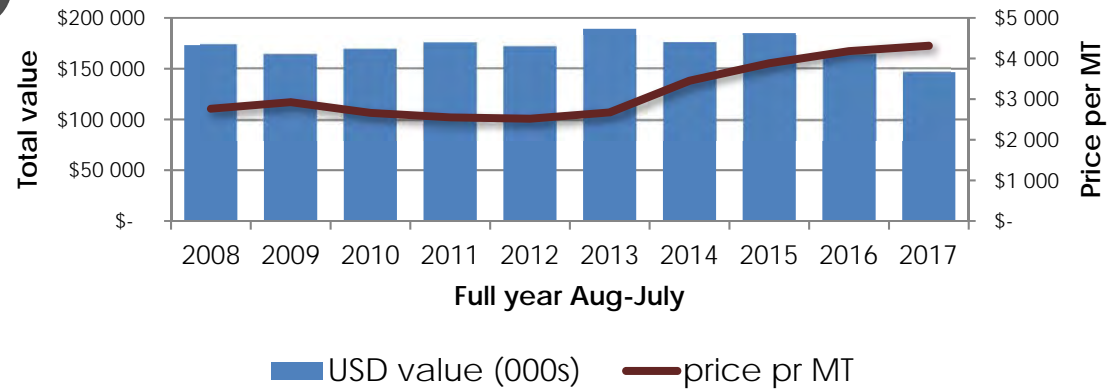
- ▶ Plant based diet continues to gain momentum
- ▶ Gut health emerging as a key health consideration to manage through diet

**WELL-EXECUTED
STRATEGIC
PROMOTION
WORKS!**

FAS EXPORT DATA: California

World total value per year vs price per Metric Tonne (MT)

Prunes

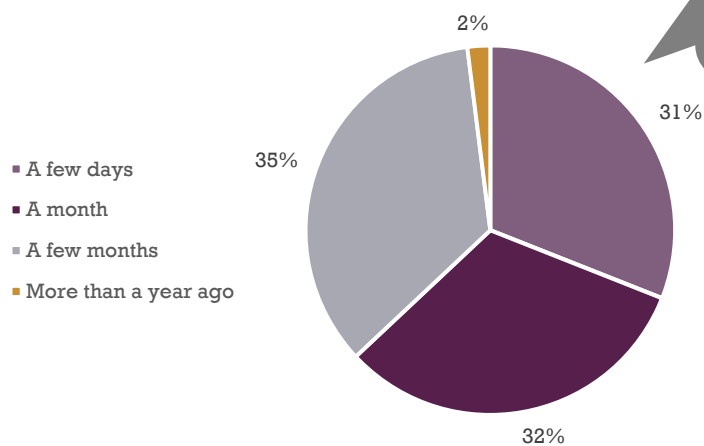


- Since 2008 the total value of US prune exports has seen an average decline of 2%* driven by reduced volumes; crops in 2016 and 2017 were particularly low
- Price has inflated sufficiently to compensate the shortfall in production; average price per metric tonne has increased an average of 5%* each year and now yields in excess of \$4,000 per tonne
- The Global export market remains positive with a 1.4% increase in worldwide export trade in the last 5 years (source: GTA)



SHARE OF MIND AND STOMACH: CONSUMERS WHO HAVE NOT RECENTLY EATEN A PRUNE SAY, IT'S MOST OFTEN BECAUSE THEY FORGET ABOUT PRUNES.

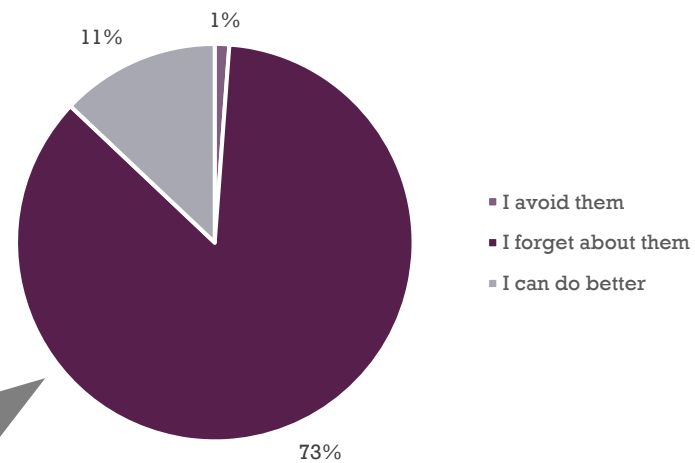
How long has it been since you've eaten a prune?
(n=1,009)



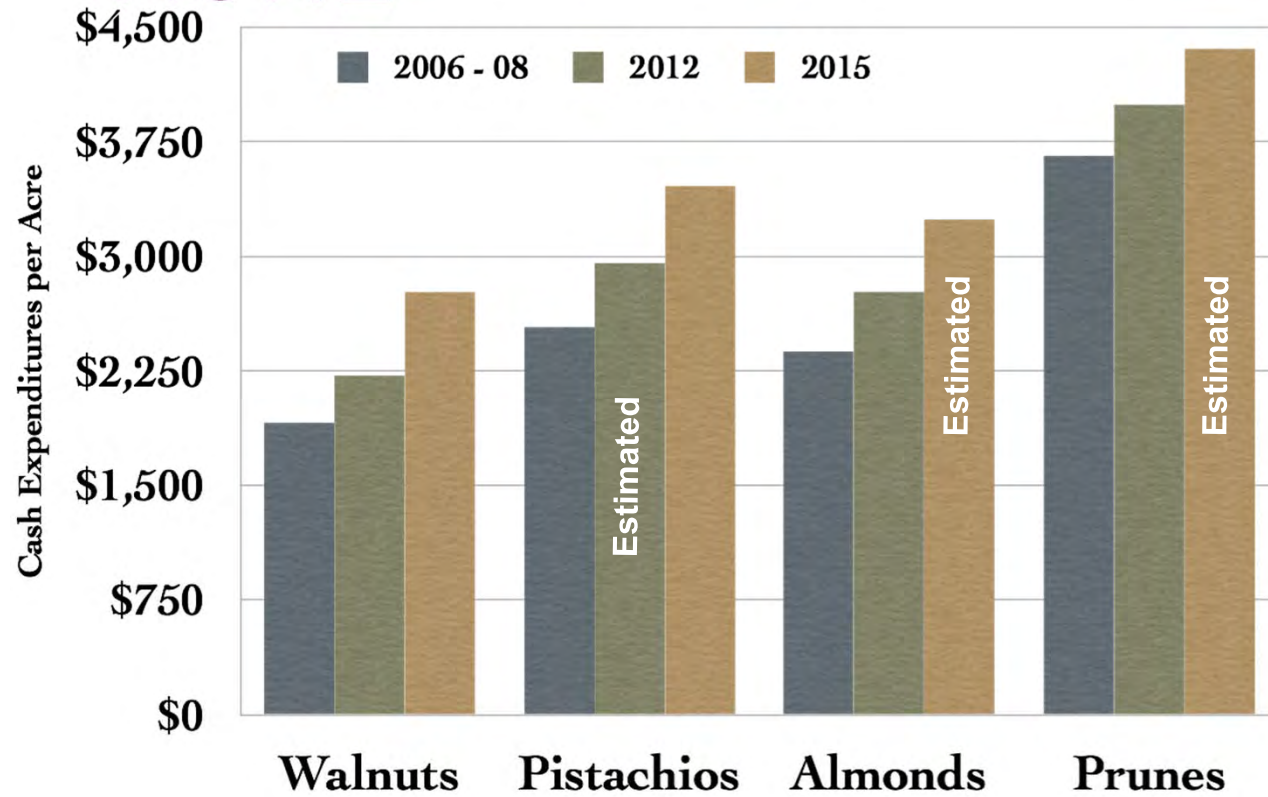
52% of consumers who have heard about prunes in the past year, compared to 25% who haven't.

60% of frequent prunes consumers, compared to 78% of low frequency consumers.

Why?
(n=695)

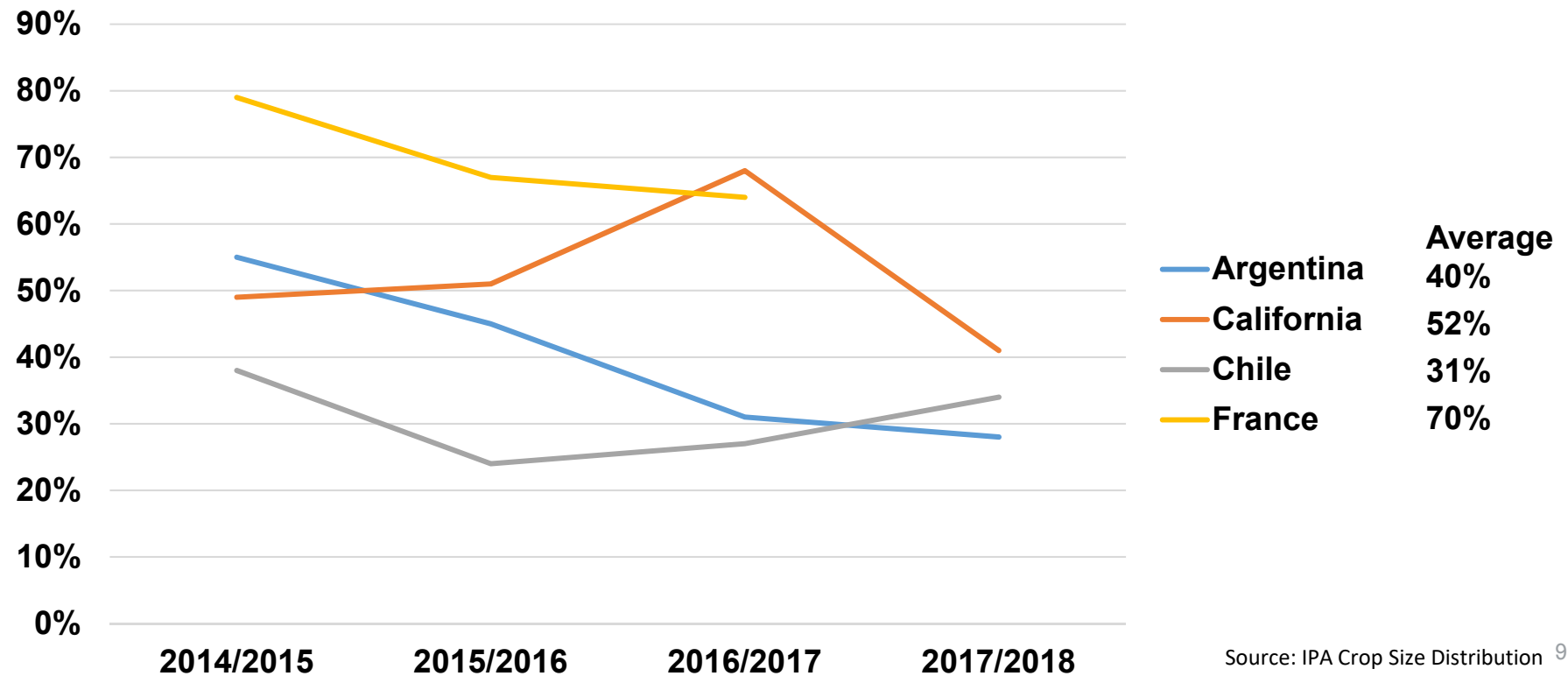


CASH COSTS PER ACRE

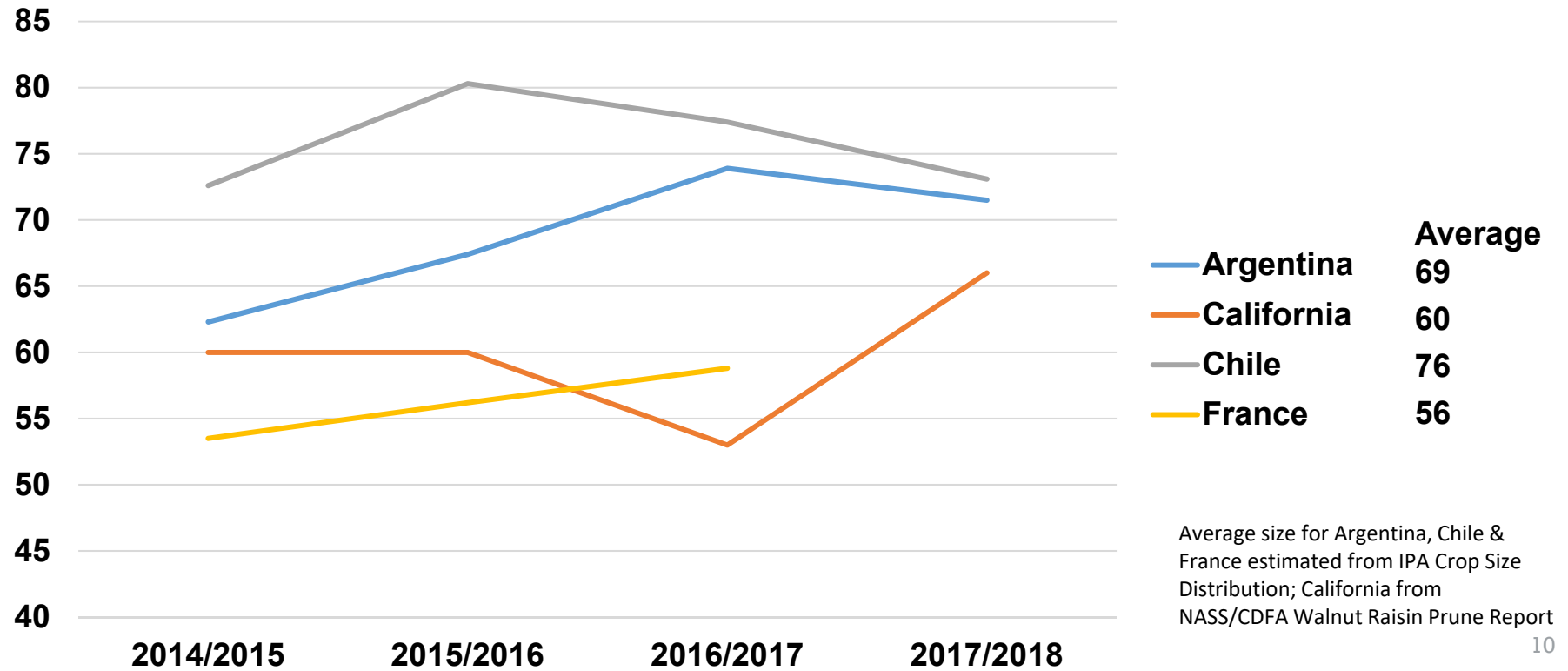


University of California Cooperative Extension Sample Costs to Produce Walnuts 2007, 2012, 2015; Pistachios 2008, 2015; Almonds 2006, 2012; Prunes 2007, 2012. Sample Costs based on yields of 5,400 lbs/acre inshell walnuts, 2,800 lbs/ac inshell pistachios, 2,000 kernal lbs/acre almonds, and 4 dry tons/ac prunes. Per acre cash cost for prunes at 3 dry tons/ac is \$3,454 and \$2,917 at 2 dry tons/ac.

Percent of 60 Count & Larger Prunes



Estimated Average Size Count



LEVERAGING THE IPA CAPACITY

- Global Nutrition Research
 - *Bone Health, New Investigations*
- Orchard Management & Sustainability
 - *Plum Pox, Weather-related Practices*
- Market Access
 - *Preservatives, Health Claims, Labeling*