ALMONDS ROUND TABLE

dubai

INC XXXIX WORLD NUT AND DRIED FRUIT CONGRESS

MAY 11-13, 2022

PANEL

Chair: **Laura Gerhard**, Vice President Global Ingredients, Blue Diamond Growers, USA

Panel:

Craig Duerr, Vice President, Global Sales & Marketing, Campos Brothers Farms, USA

Brenton Woolston, Manager Director, Almondco, Austrailia

Antonio Pont Jr., President, Crisol de Frutos Secos, Spain

Raju Bhatia, Founder and Managing Partner, California Agri Nuts Corporation, India

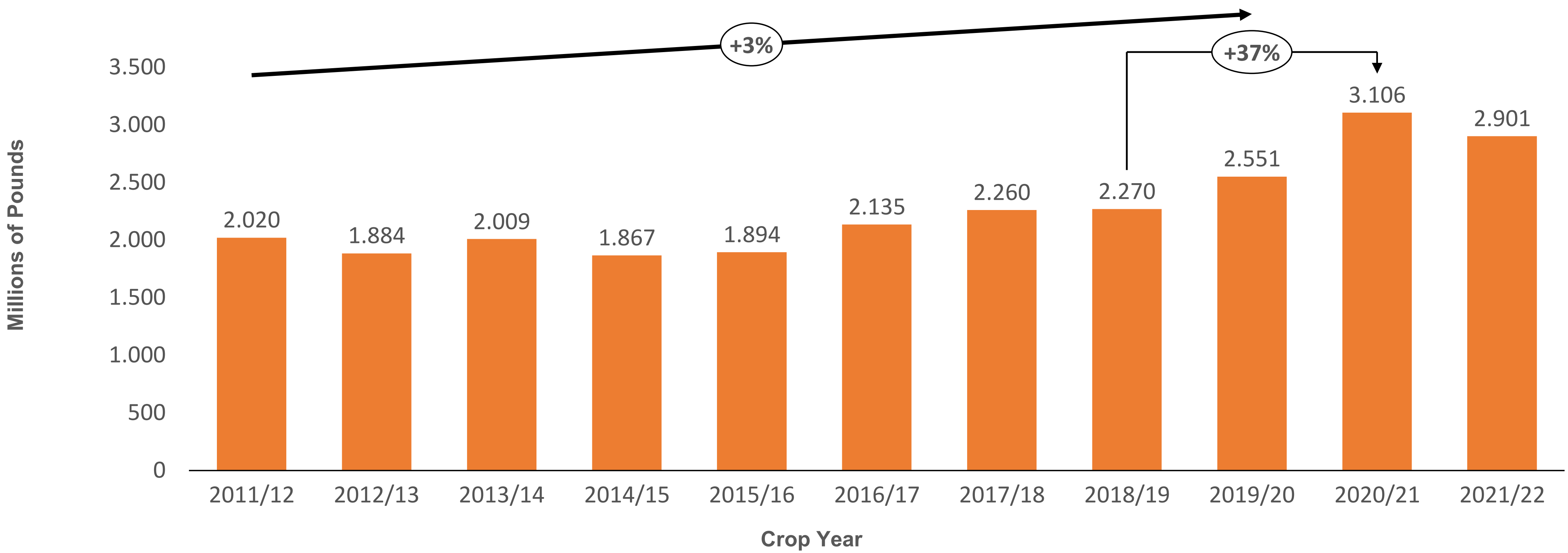
PROGRAM

1. California Industry Overview
2. INC Official Statistics Table
3. Panel Discussion Topics
    - Supply in Major Growing Regions: Spain, Portugal & Australia
    - Demand Factors in Key Regions
        - India, China, EU, US
    - Carryout
    - Prices
    - Challenges for 2022 and Beyond
        - Drought and Water Supply
    - Supply Chain Challenges
    - Grower Economics

Almond Market Overview

1. California yearly crop coming in 2.90 billion lbs
2. Global shipping challenges continue to impact lagging shipments & commitments
3. Pricing is at historically attractive levels
4. Industry demand growth will take time to balance significant jump in supply
5. North America: Consumption in the largest market continues to be steady
6. EU: Buying activity will pick up in April for fall and winter shipments
7. China: Australia will fill short-term, however harvest rains may impact crop quality
8. India: Earlier Diwali should keep pricing stable

California Almond Receipts Driving Significant Supply Increase



YTD March 2022 ABC Report
Source: Almond Board of California

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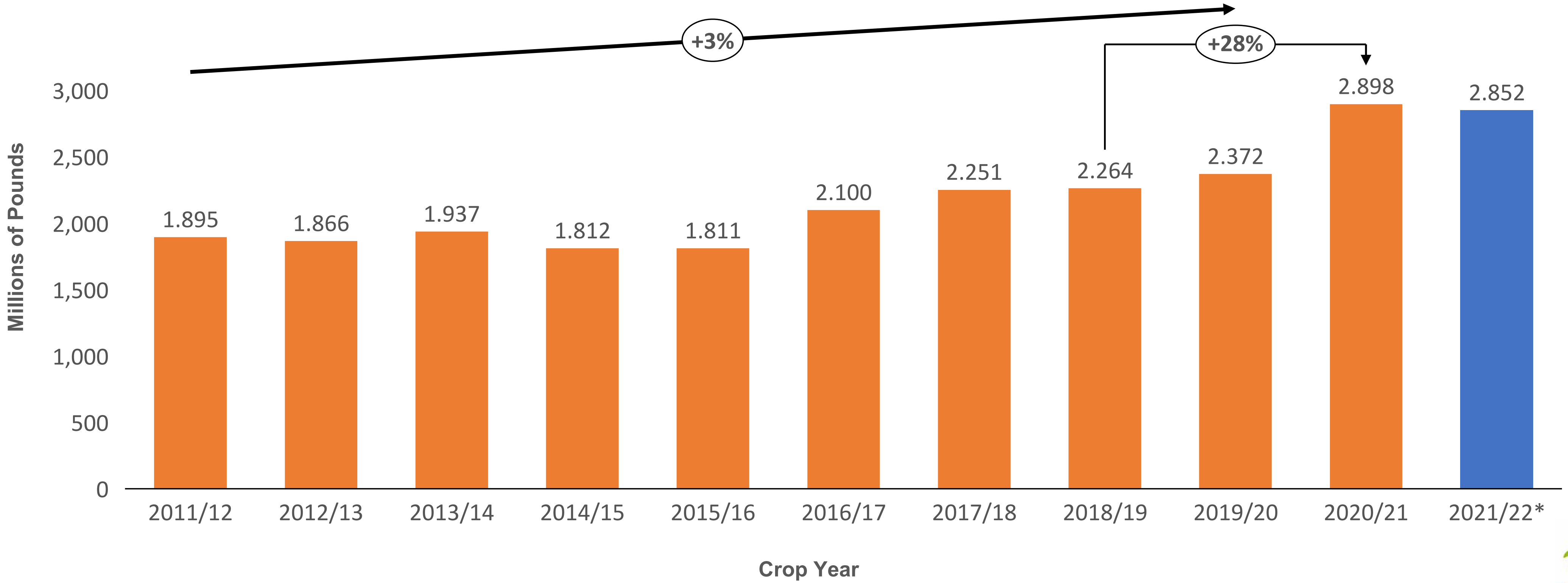
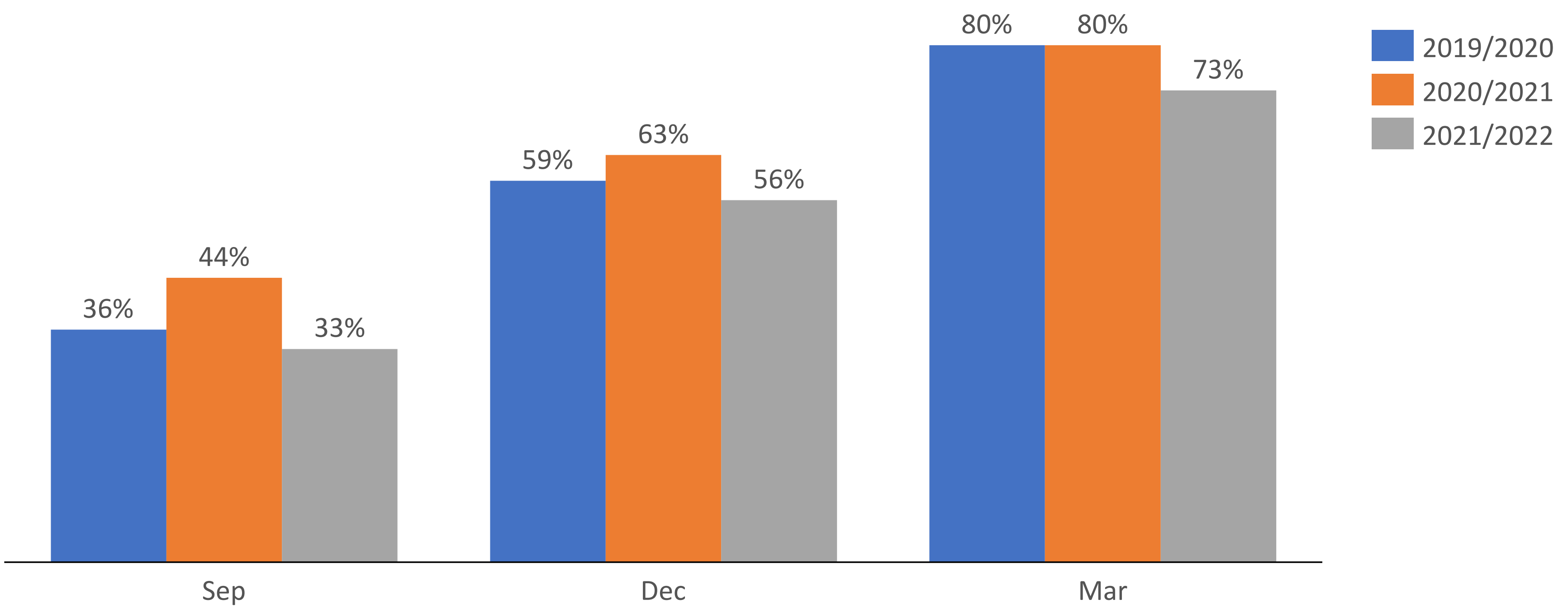
California Almond Crop Shipments Lag Increased Supply



YTD March 2022 ABC Report
Source: Almond Board of California
*ABC Position Report Estimate

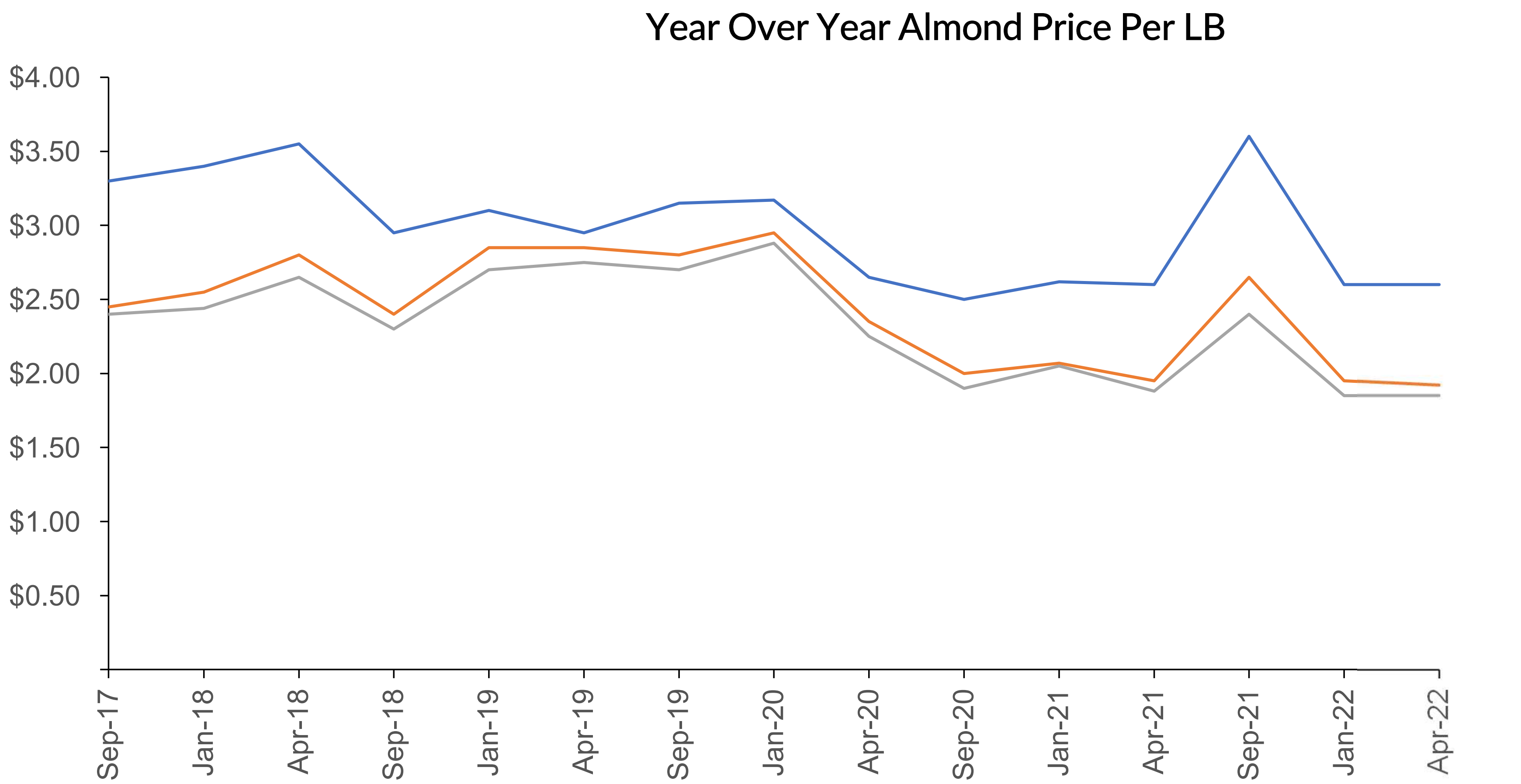
Sales Lag Prior Years

Committed & Shipped as a Percent of Supply (Forecast + Carry-In

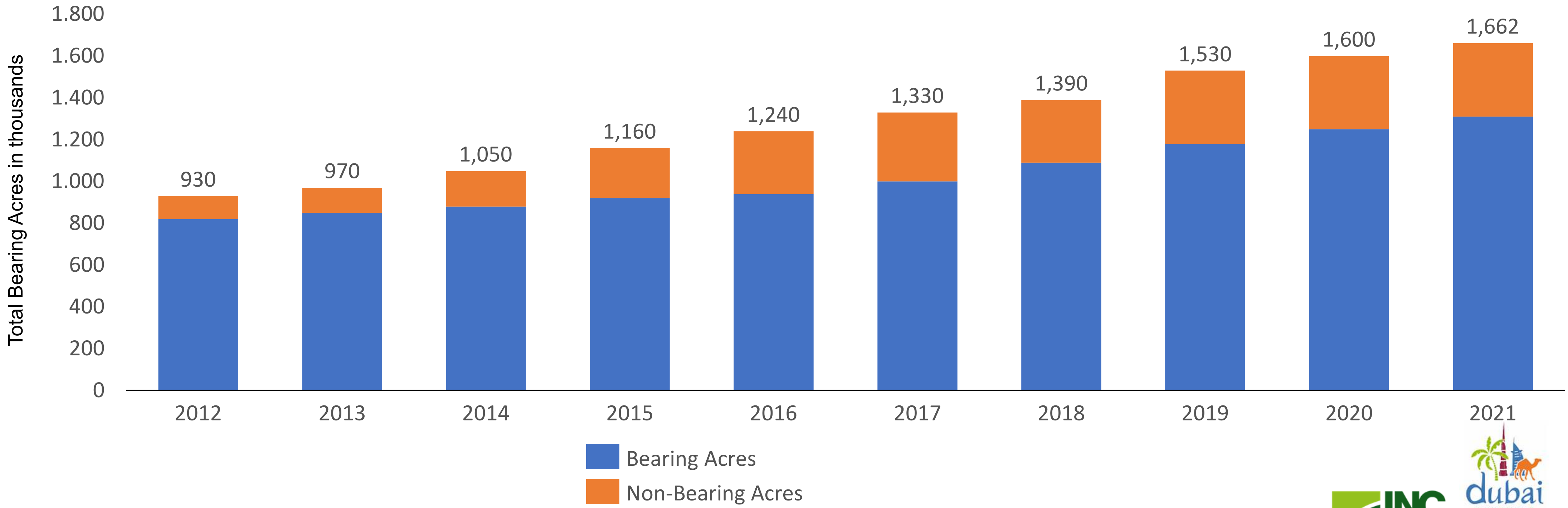


YTD November 2021 ABC Report
Source: Almond Board of California

Historically Attractive Pricing Supports Demand Growth



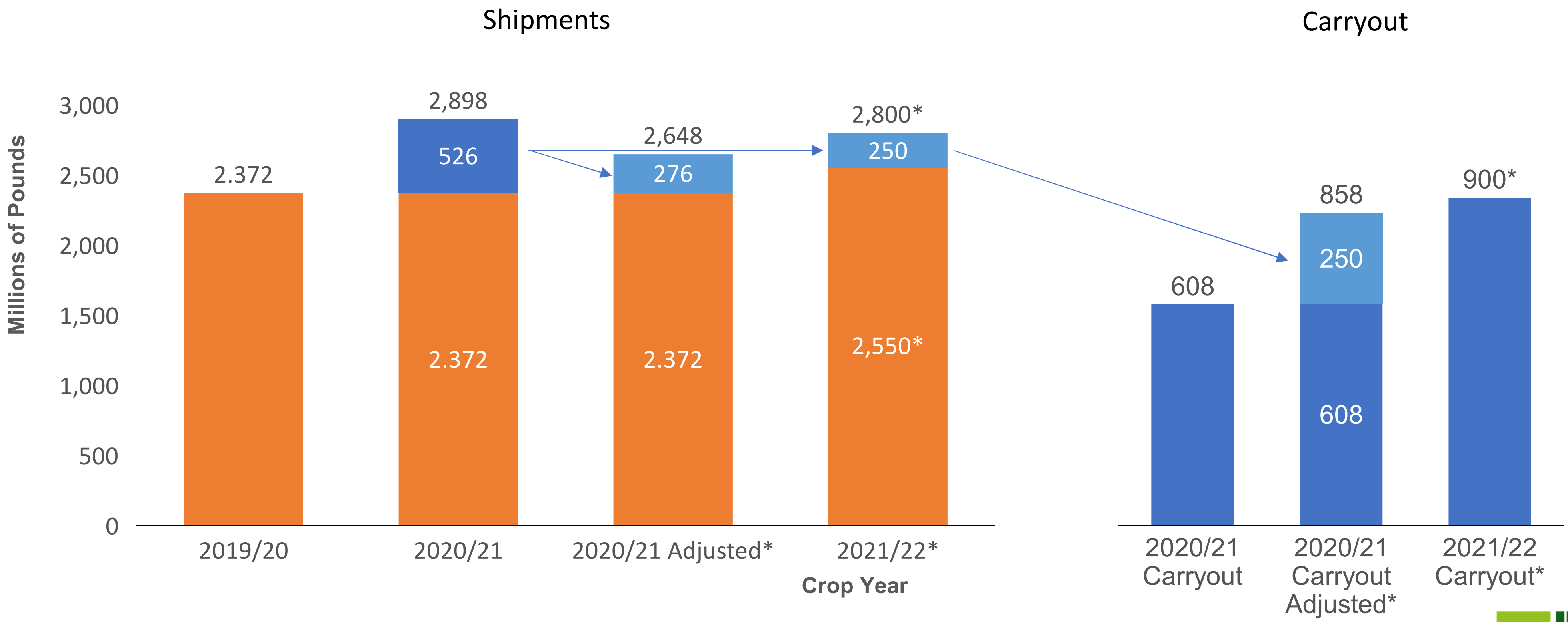
Bearing Acreage Continues Steady Growth



Source: 2020 USDA Agricultural Statistics Service 2020 Acreage Report

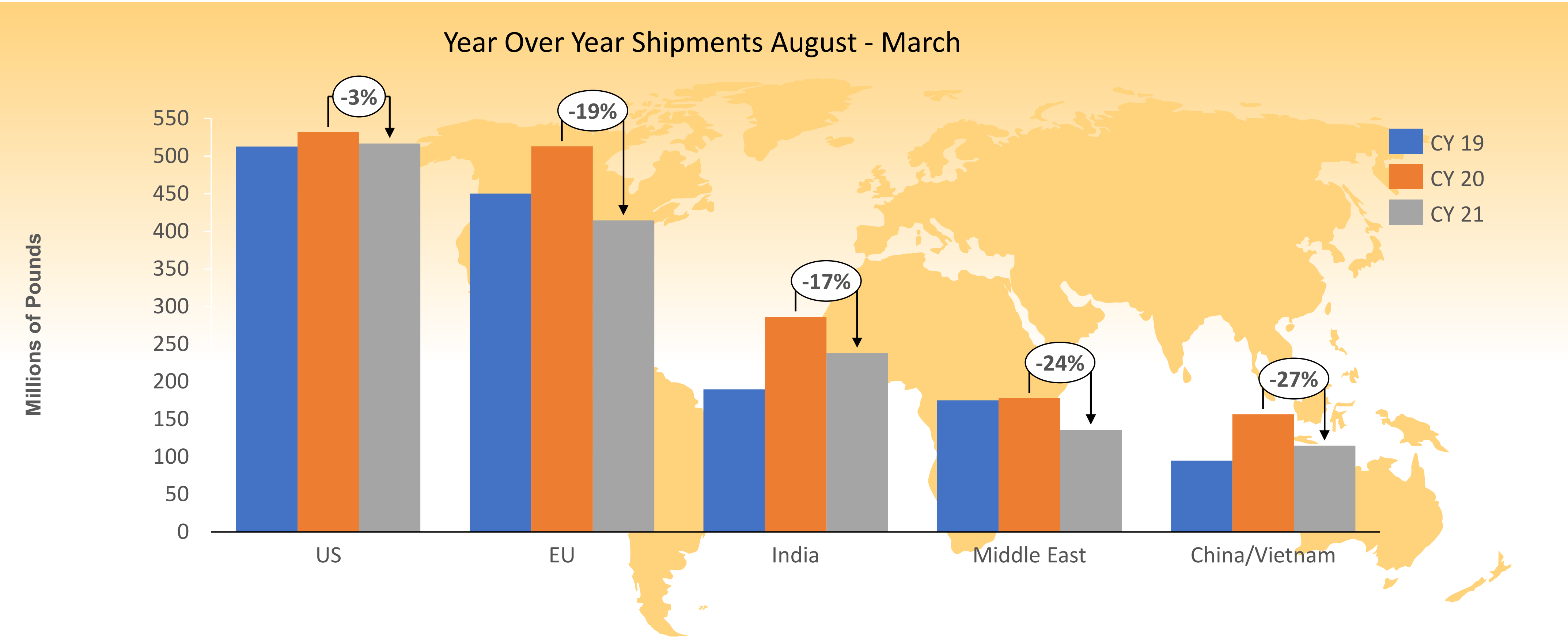
Early Buying in Spring 2020 Moved Demand out of 2021 Crop

250 M lbs of CY20 Shipments were part of CY20 Carryout, in Non-CA Warehouses



YTD March 2022 ABC Report
Source: Almond Board of California
*Projected Numbers

Regional Growth Impacted by Logistical Challenges



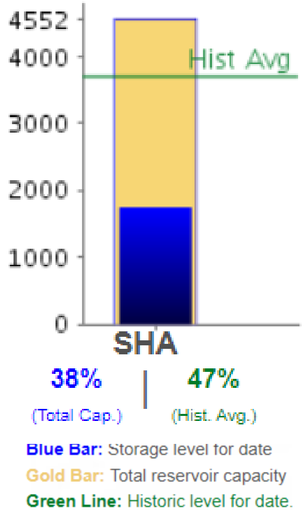
Source: Almond Board of California

Likely Ranges on Shipments & Carryout

- Initial shipment projection of 2.8 B lbs, reduced due to demand shipping in last year
- A best-case scenario April forward – shipping equal or better to monthly record shipments last year would achieve 2.6 B lbs of shipments
- Considering continued shipping delays, lost consumption in key markets, lower commitments, it will be difficult to repeat last years records and likely to be in the 2.5 B lb range
- Carryout will likely be +900 million lbs (>18 weeks of supply)
- Market will keep an eye on freeze impacts to the 2022 crop size as well as the NASS Subjective Forecast on May 12
- Even with a lower 2022 crop projection, the industry is likely to have a starting supply of +3.4 B lbs for the 3rd year in a row

California Drought and Water Supply Remain a Challenge

- California Water Usage
  - 50% Environmental
  - 40% Agriculture
  - 10% Urban
- Water supply comes from two sources:
  - Surface Water – Snowpack runoff conveyed through streams & r
    - Current year snowpack and run-off below average
    - Allocations through Federal, State, and Local Irrigations districts
    - Reduced local allocations & increased costs
  - Groundwater
    - Deeper groundwater pumping, poorer quality
    - SGMA implementation (limits groundwater use)
    - Groundwater supplies 38%-46% of total CA water use
- Drought amplifies water challenges
  - Decreases surface water availability, placing higher demand on groundwater
- Regulatory pressures will continue to impact water availability
  - Environmental impacts on surface water
  - SGMA on groundwater
- Water will be the limiting factor in California agricultural acreage expansion



Lake Shasta is the largest water reservoir in CA and is at a historically low level

https://cdec.water.ca.gov/resapp/RescondMain

Future Growth Outlook Remains Positive

US
- Snacking
- Functional Foods (non-dairy, baking)

EU
- Snacking
- Health & wellness halo spurring R&D development

India
- Fastest growing market
- Expanding distribution channels nationwide
- Promotes Immunity

Middle East
- Strong traditional affinity
- Improved political & economic conditions

China
- Exports declined with duty
- Opportunity with favorable trade
- Growing e-commerce trade

Summary

KEY TAKEAWAYS

- California almond production has been relatively flat for the past 9 years with 3% CAGR from 2011 to 2019 before hitting 3 billion in 2020.
- Growth in demand for the same time period has also been 3%
- With a 37% supply increase in 2 years, it will take time for the industry to again match actual consumption growth with supply
- Shipping challenges have amplified an oversupply situation
- Tariffs are distorting demand in China, secondly in India & Europe
- New innovations & applications emerging in US and globally
- Current pricing reflect supply and demand imbalance

INC Official Statistics Table

XXXIX World Nut and Dried Fruit Congress. Dubai, May 11-13, 2022

ESTIMATED WORLD ALMOND PRODUCTION

Kernel Basis. Metric Tons

	2021/2022				2022/2023			
COUNTRY	BEG. STOCK	CROP	TOTAL SUPPLY	ENDING STOCK	BEG. STOCK	CROP	TOTAL SUPPLY	ENDING STOCK
USA* (MM lbs)	608	2,900	3,508	900	900	2,800	3,700	800
USA* (MT)	275,800	1,315,431	1,591,231	408,237	408,237	1,270,072	1,678,309	362,878
AUSTRALIA	8,000	124,439	132,439	15,000	15,000	145,000	160,000	20,000
SPAIN	20,000	105,000	125,000	30,000	30,000	75,051	105,051	20,000
TURKEY	250	18,000	18,250	450	450	26,600	27,050	n/a
PORTUGAL	0	15,000	15,000	0	0	25,000	25,000	0
ITALY	0	8,500	8,500	0	0	22,000	22,000	0
TUNISIA	0	16,500	16,500	0	0	15,000	15,000	0
MOROCCO	0	13,000	13,000	0	0	13,000	13,000	0
CHILE	650	12,000	12,650	0	0	12,000	12,000	0
IRAN	0	4,000	4,000	0	0	4,000	4,000	0
GREECE	0	4,000	4,000	0	0	4,000	4,000	0
OTHERS	0	30,000	30,000	0	0	30,000	30,000	0
WORLD TOTAL	**304,700**	**1,665,870**	**1,970,570**	**453,687**	**453,687**	**1,641,723**	**2,095,410**	**402,878**
WORLD CONSUMPTION (T. Supply - End. Stock)				**1,516,883**				**1,692,532**

Sources: INC, Almond Board of California, Almond Board of Australia, AEOFRUSE and DESCALMENDRA, Aegean Exporters' Association, Greek Nuts & Fruits Trade Association and other INC sources.

THANK YOU FOR LISTENING

Any questions?