Market Report

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Group Sales and Marketing Manager
Thank You and Congratulations

2006: 16,000 tonnes  
2018: 80,000+ tonnes
The rise and rise of Australian almonds

- Now shipped to over 50 countries
- Recognised as clean and green
- Big enough to supply
- Very little difference in variety to California
- Counter-seasonal
- Highest valued horticultural export commodity
- One of most co-operative peak bodies in horticulture
- Consistent messaging – Commitment level high
Snapshot of the almond market

1. Global production: Supply v Demand
2. Market trends
3. Grower returns
4. International trade
5. Australian market
1. Supply - Demand

1. Since 2014 California almond orchards increased by approx. 44,000ha

2. Australia’s total orchards covered 39,662ha last year

3. In the season just completed California produced 1,025,900 tonnes

4. Australia to produce just over 80,000 tonnes for 2018 season

5. In the not too distant future this could exceed 1,300,000 tonnes

6. Australia is expected to be 130,000 tonnes within 5-7 years

Sources: ABC, USDA cited by ABA Insights, ABA
Increasing demand…

Protein source
Heart health
Beauty
Gluten free
Exercise recovery
Cognitive function
Diabetes
Skin care
Weight loss

Cereals
Beverages
Baking
Snacks
Health bars
Confectionery
Chocolate
Ingredients
Latest food trends

Plant based milks
US$16 billion globally 2018

- Bloomberg

Plant based foods

Plant based milks
US$16 billion globally 2018

- Bloomberg
Plant based foods – the rise of the Flexitarian

US$162m – Up 55%

US$124m – Up 43%

US$109m – Up 131%

Source: Bloomberg
But that’s not all....
Keeping global demand on track with production
The price of Australian almonds
Pricing
Estimated grower returns over past 20 years

AUD/kg

Source: Almondco
Exchange rate: Australian dollar v USD?

Oct 15

Bank of America Merrill Lynch sees Aussie dollar rallying to US84c

The Australian dollar is set to struggle to hold US70c.

Oct 8
**How important is the AUD?**

If Californian NP price is US$3/lb….

<table>
<thead>
<tr>
<th>AUD</th>
<th>0.65</th>
<th>0.70</th>
<th>0.71</th>
<th>0.72</th>
<th>0.73</th>
<th>0.74</th>
<th>0.79</th>
<th>0.84</th>
</tr>
</thead>
<tbody>
<tr>
<td>$/kg</td>
<td>$10.20</td>
<td>$9.45</td>
<td>$9.30</td>
<td>$9.20</td>
<td>$9.05</td>
<td>$8.90</td>
<td>$8.40</td>
<td><strong>$7.90</strong></td>
</tr>
</tbody>
</table>

2.30/kg difference
Australian inshell: India v China-Vietnam-Hong Kong

<table>
<thead>
<tr>
<th>Year</th>
<th>Inshell market India</th>
<th>Inshell market China</th>
<th>Inshell market Vietnam</th>
<th>Inshell market Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>5,000,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>10,000,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>15,000,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>20,000,000.00</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: ABS
China sales growth

• China v India inshell stats… history-making month

• August 2018

- Inshell | Kernel | Totals
- India | 2022mt | 18mt | 2040mt
- China | 2121mt | 751mt | 2872mt

Source: ABS
Update: Chine ABS figures 2016-18

• January to September 2018 = 6405mt*
• Jan to May 2018 - before US sanctions = 391mt*

• Jan-Dec 2017 = 611mt*

• Jan-Dec 2016= 267mt*
An extreme scenario mapped out by finance policymakers at the International Monetary Fund meetings in Bali last week was the possibility of Trump eventually escalating his economic attacks on China by pushing for Iran-style multilateral sanctions. Such an acute move, however improbable, would force countries such as Australia to choose between doing business with China (our biggest trade partner) and the US (our biggest military partner)....

The Guardian, October 15, 2018
Key export regions 2015 to 2018 STD

Source: ABS
Demand for carmel rising

- Global demand for carmel increasing
- Supermarkets becoming more educated on varieties and identifying cheaper versions that still meet consumer expectations…
- Australia still planting carmels …

<table>
<thead>
<tr>
<th>Carmel 23-25 v NPX 23-25 pricing this year</th>
<th>2018</th>
<th>February</th>
<th>October</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carmel</td>
<td></td>
<td>$3.00</td>
<td>$2.80</td>
</tr>
<tr>
<td>NPX</td>
<td></td>
<td>$3.60</td>
<td>$3.10</td>
</tr>
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</table>
Main Findings... (cont)

- Nearly 11.5 million Australians eat almonds at least once a month, with over 7.5 million eating almonds at least once a week.

0% 10% 20% 30% 40%

Several times a day 4%
Once a day 8%
4 to 6 times a week 8%
2 to 3 times a week 11%
Once a week 10%
Once a fortnight 9%
Once a month 13%
Less often 31%
Never: I don’t eat almonds/ I don’t like... 5%
Never: I have an allergy to nuts... 1%

Base: Total n=1,936
Q84. How often do you eat almonds? This can include snacking on raw, roasted or salted almond kernels, in a mixed bag with other nuts or fruit, in other foods such as chocolate, or included as an ingredient in a recipe.
Main Findings...

- Almonds are most commonly enjoyed as an afternoon snack (54%). Other popular consumption occasions include as a morning snack (29%) and after dinner (28%).

<table>
<thead>
<tr>
<th>Occasion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>21%</td>
</tr>
<tr>
<td>Morning snack</td>
<td>29%</td>
</tr>
<tr>
<td>Lunch</td>
<td>11%</td>
</tr>
<tr>
<td>Afternoon snack</td>
<td>54%</td>
</tr>
<tr>
<td>After exercise or the gym</td>
<td>7%</td>
</tr>
<tr>
<td>After work</td>
<td>12%</td>
</tr>
<tr>
<td>Dinner</td>
<td>6%</td>
</tr>
<tr>
<td>After dinner</td>
<td>28%</td>
</tr>
<tr>
<td>None of the above</td>
<td>14%</td>
</tr>
</tbody>
</table>

Base: Total n=1,817
Q86. Over the past month, please indicate all occasions where you have eaten almonds.
Australian market: Almonds in every aisle