TARGETING OPPORTUNITIES AND MANAGING CHANGE: A PERSPECTIVE FROM BLUE DIAMOND GROWERS

Dale Darling
Manager of International Sales
Blue Diamond Growers
Strategic Thinking for Global Operations: The Case of Blue Diamond Growers

Dale Darling

Export Industrial and Retail Sales

February 16, 2006
Overview

- California Almond Industry
- California Production and Shipments
- World Almond Production
- Effects of Almond Pricing
- Increased Plantings and Future Supplies
- Major Markets
Overview- continued

• Almond Usage
• Almond Nutrition Facts
• Education
• Strategy to marketing almonds
California Almond Industry Overview

• Approximately 6,000 Almond Growers
• 570,000 bearing acres
• 900 million pounds
• 115 handlers
• 80% of world’s production
• Virtually 100% of domestic needs
• Data from Almond Board of California
ALMONDS

• California’s largest tree nut crop in Value and Acreage
• 2005-06 valued at $2.7 Billion
• The largest U.S. Horticultural export
• Exported to 83 countries in 2004-05
Natural Almonds
## Dollar Value by Crop Year

<table>
<thead>
<tr>
<th>Crop Year</th>
<th>Farm Value (000)</th>
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<tbody>
<tr>
<td>2000-01</td>
<td>$666,487</td>
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<td>2005-06</td>
<td>$2,724,876</td>
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</table>
California Almond Crop

North Counties: Approx. 15%

Central Counties: Approx. 50%

Fresno County Areas. Approx. 15%

Kern County. Approx. 20%

San Francisco

Sacramento

Los Angeles
California Almond Crop Time Line

January
February
March
April
May
June
July
August
September
October
November
December

Dormant
Bloom
Nut Maturity
Hull Splits & Dries
Harvest
Leaf Fall
Dormant

Rain / Frost / Wind Considerations
Subjective Estimate
Objective Estimate
Heavy Shipments
Almond Bloom
California Almond Acreage
by Variety – 2004

- Nonpareil: 36%
- Carmel: 15%
- Calif./Others: 29%
- Mission: 3%
- Padre: 5%
- Butte: 12%
California Almond Crop
1980 – 2005

*2005 Objective estimate
California Shipments

Million Pounds

Crop Year

1999 2000 2001 2002 2003 2004

Million Pounds

713 740 821 982 1,010 984

1,100 1,000 900 800 700 600 500 400 300 200 100 0
California Almond Supply & Consumption

Million Pounds

<table>
<thead>
<tr>
<th>Year</th>
<th>Calif. Supply</th>
<th>Calif. Shipments</th>
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<tbody>
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<td>1990</td>
<td>819</td>
<td>534</td>
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<td>706</td>
<td>556</td>
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<td>664</td>
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<td>2005</td>
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2004-05 World Almond Supply

- USA: 80%
- Spain: 10%
- Italy, Greece, Turkey, Australia: 5%
- Other: 0%
Historical Almond Production

Million Pounds

- California
- Other Origins
Effect of Almond Prices on New Acreage Planted

Acreage Planted (000’s)

Price ($/lb.)

- Low Prices
- Low Plantings

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<tr>
<th>Year</th>
<th>Price ($)</th>
<th>Low Plantings</th>
<th>Low Prices</th>
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California Almond Crop Production

Million Pounds

Crop Year

Actual Net Production
Projected Net Production
California Almond Production/Shipment Trend

Million Pounds

Crop Year

Actual 1980-2004 Consumption
Annual Growth Rate = 5.7%

Actual Shipments
Projected Production
Carryout (days)
5.7% Growth Rate

5% Growth Rate

200
400
600
800
1,000
1,200
1,400
1,600

1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
Almond Consumption Growth in Major Markets
Exports by Region 2004-05
Top Ten Export Markets 2004-05

- Spain
- Germany
- India
- Japan
- Italy
- France
- Netherlands
- Canada
- UAE
- UK
Exports by Product Type

- Shelled
- Manufactured
- Inshell

Bar chart showing the percentage of exports by product type.
Almond Examples
Utilization of Almonds

- Marzipan
- Baking
- Confectionery
- Chocolates
- Snacks
- Cereals
- Ice cream
Nuts about good health

• Almond promote good health when consumed as part of a healthful diet that is rich in fruits, vegetables, whole grain products, and foods that are low in saturated fats. Almonds are loaded with nutrition, not empty calories, and fit perfectly in consumers’ healthy lifestyle and menu planning.
Almonds Contain

- 35% of the Daily Value for Vitamin E
- 3 grams of Fiber (more than any other nut or seed)
- 6 grams of Protein
- Important Vitamins and Minerals
- No Cholesterol
- 92% Unsaturated Fat (good fat)
Almond Bloom
Almond Nutritional Research

- Almonds help maintain healthy hearts
- Almonds help lose weight
- Almonds help prevent diabetes
- Almonds help lower cholesterol
- Research supports the health benefits of almonds. Specific research study references available upon request.
Blue Diamond Growers

- Al Almond Growers Cooperative with over 3,200 Grower Members.
- Founded in 1910 in Sacramento, CA.
- We work for the farmers to promote California agriculture and healthy eating.
- Our business is approximately 86% bulk industrial almonds and 14% retail almonds.
- Largest Supplier of Almonds in the World.
Blue Diamond’s Marketing Strategy

• Direct relationships with Manufacturers, Retailers, Snack Firms, Bakers, and Industrial users.
• Minimize marketing costs
• Greater understanding of clients’ requirements
• Avoid selling to traders/speculators in the industry.
• Service orientated
• Maximize margins on value added products
Challenges

• Changing market dynamics
• Import Duties/Taxes
• Microbiological-Phytosanitary requirements
• Weather affecting the Crop
• Transportation Issues
Opportunities

- Almond consumption is growing in Eastern Europe, India, China, and the USA.
- Larger almond crops will allow more favorable pricing to stimulate consumption.
- New products containing almonds
- Global consumer awareness of almonds as a snack item
- Expand consumer awareness of almonds
- Expand retail branded business
Retail Snack Almonds
New Flavors
Nature’s Healthy Snack
THANK YOU

• Blue Diamond Growers appreciates your interest and business for our wonderful tasting high quality almonds!!!