

# ALMONDS ROUND TABLE



INC XL WORLD NUT AND  
DRIED FRUIT CONGRESS  
MAY 22-24, 2023

# Panel

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- Chair: **Brian Ezell**, Vice President, Wonderful Pistachios & Almonds, USA
- **Laura Gerhard**, VP Global Ingredients, Blue Diamond Growers, USA
- **Damien Houlahan**, Global Head, Senior VP, Almonds Business, ofi, Australia
- **Antonio Pont Jr**, CEO, Crisol de Frutos Secos, Spain
- **Niels Kristoffersen**, Head of Purchasing, MOLL Marzipan, Germany
- **Raju Bhatia**, Founder and Managing Partner, California Agri Nuts Corporation, India

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# Program

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1. Presentation of Panel
2. Presentation of INC Official Statistics Table
3. Panel Discussion by Major Producing Region  
CY'22 & CY'23: Crop Size, Acreage, & Demand,  
Opportunities/Challenges  
U.S. - **Laura Gerhard**  
Australia - **Damien Houlahan**  
Spain & Portugal - **Antonio Pont Jr**
4. Almond Market Demand Spotlight – Western EU  
(**Niels Kristoffersen**)
5. Almond Market Demand Spotlight – India (**Raju Bhatia**)
6. Summary & Wrap Up Thoughts – (**Brian Ezell**)
7. Audience Q&A
8. Closing & Thank You's!



## ESTIMATED WORLD ALMOND PRODUCTION

Kernel Basis. Metric Tons

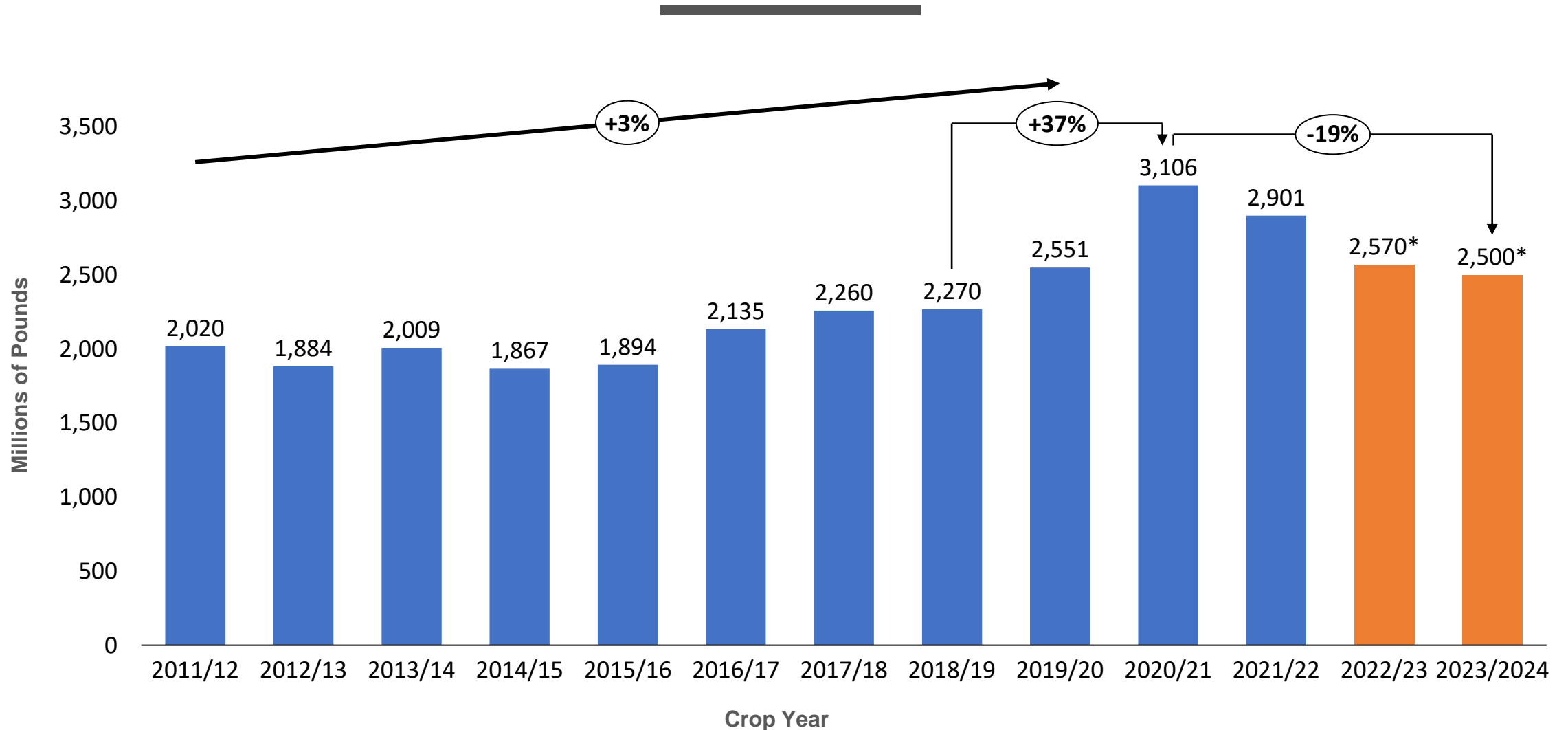
COUNTRY	2022/2023				2023/2024			
	BEG. STOCK	CROP	TOTAL SUPPLY	ENDING STOCK	BEG. STOCK	CROP	TOTAL SUPPLY	ENDING STOCK
USA*^(MM lbs)	837	2,519	3,356	735	735	2,450	3,185	450
USA* (MT)	379,764	1,142,740	1,522,505	333,485	333,485	1,111,615	1,445,100	204,174
AUSTRALIA	15,000	143,806	158,806	10,000	10,000	108,950	118,950	7,500
SPAIN	15,000	61,684	76,684	15,337	15,337	128,419	143,756	28,751
TÜRKIYE	450	25,000	25,450	0	0	25,000	25,000	0
ITALY	0	22,000	22,000	0	0	42,000	42,000	1,000
PORTUGAL	0	20,000	20,000	4,000	4,000	28,000	32,000	6,400
TUNISIA	1,200	13,000	14,200	1,500	1,500	12,000	13,500	1,000
MOROCCO	2,500	18,000	20,500	3,000	3,000	18,500	21,500	2,500
CHILE	0	12,400	12,400	0	0	14,150	14,150	0
GREECE	0	10,000	10,000	0	0	8,000	8,000	0
IRAN	0	4,000	4,000	1,000	1,000	6,000	7,000	2,000
OTHERS	0	30,000	30,000	0	0	30,000	30,000	0
<b>WORLD TOTAL</b>	<b>413,914</b>	<b>1,502,630</b>	<b>1,916,545</b>	<b>368,322</b>	<b>368,322</b>	<b>1,532,634</b>	<b>1,900,956</b>	<b>253,325</b>
<b>WORLD CONSUMPTION (T. Supply - End. Stock)</b>				<b>1,548,223</b>	<b>1,647,631</b>			

Sources: Almond Board of Australia, AEOFRUSE, Chile Almonds and Greek Nuts & Fruits Trade Association and other INC sources.

\*USA crop reflects the 2023 NASS Subjective Estimate of 2.5 billion less 2% Loss and Exmpt.

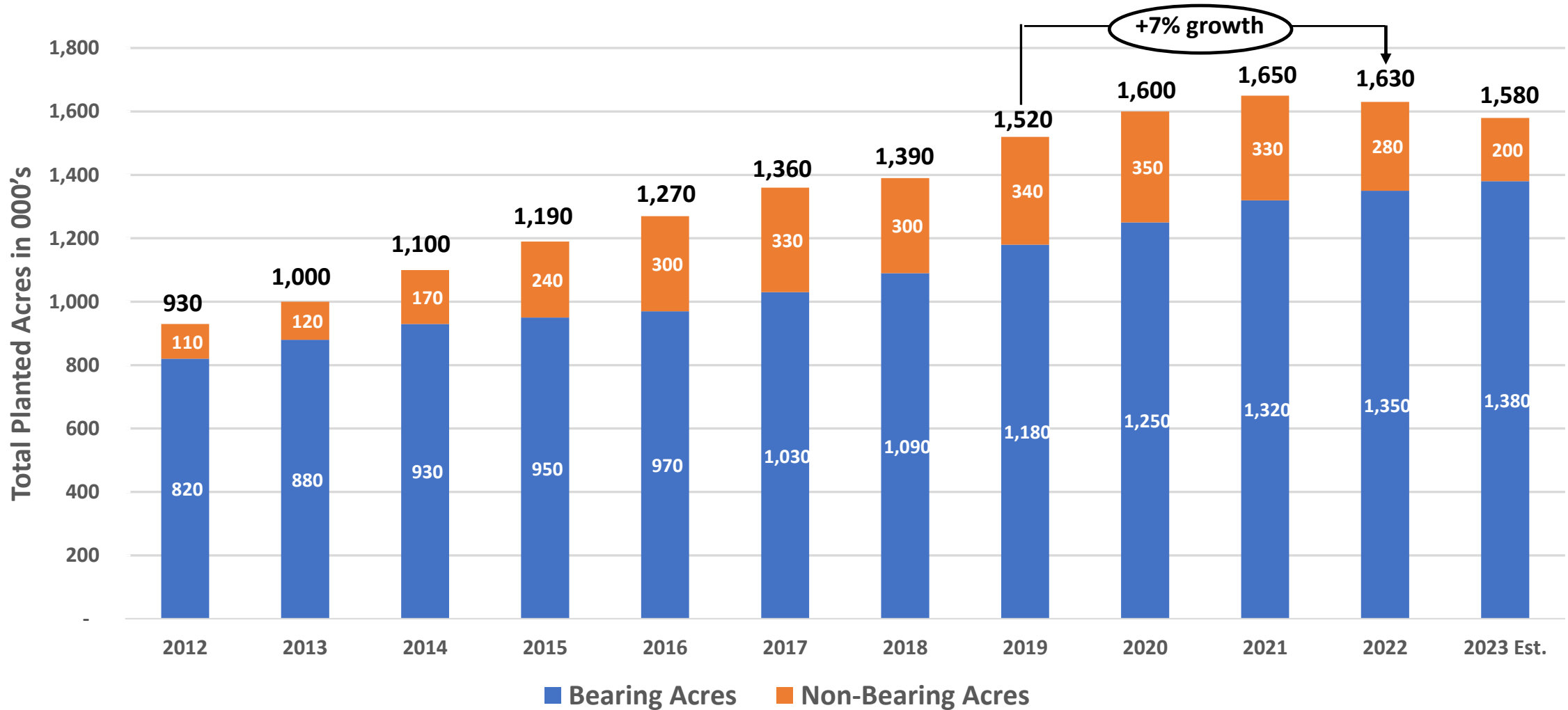
^USA 2022/23 ending stock (2023/24 beg. stock) as estimate by BD/WP&A.

# California Almond Receipts Driving Significant Supply Increase



YTD April 2023 ABC Report  
Source: Almond Board of California  
\*Estimate

# California Bearing Acres are Flattening Out



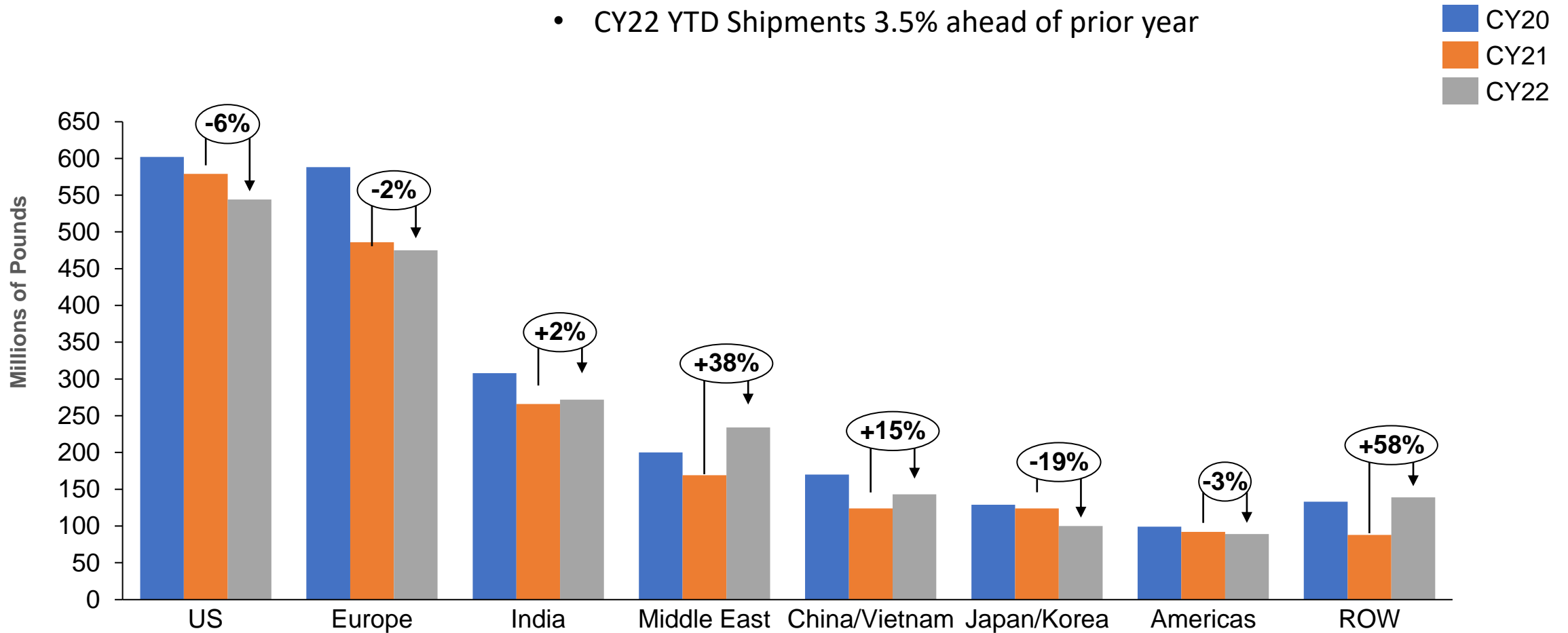
Source: 2022 USDA Agricultural Statistics Service Acreage Report – Nonbearing acres for 2023 are estimated based on NASS Nursery Survey Trends since 2021



# Regional Growth Impacted by Macroeconomic Challenges

## California Year Over Year Shipments August – April

- CY22 YTD Shipments 3.5% ahead of prior year



Source: Almond Board of California November Shipment Report 2020, 2021, 2022

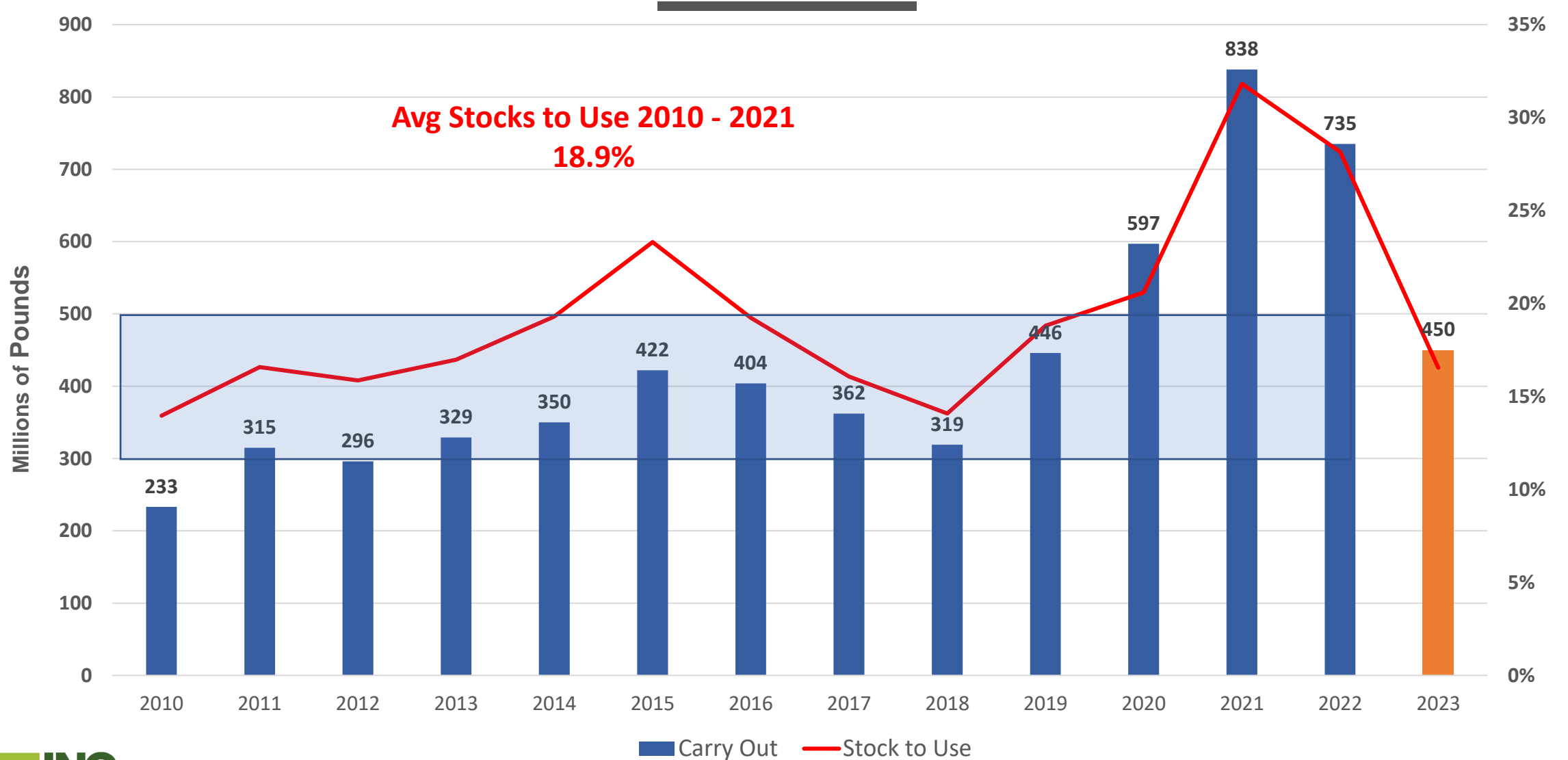
# Likely Ranges on Shipments & Carryout

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- Initial shipment projection of 2.78 B lbs, up 6.8% to last year. Through April industry is up 3.5%.
- Unlikely to achieve last years shipment records for the next 3 months. We achieved as the industry pushed to get the backlog of contracts out given the logistical challenges in the first half of the year
- Considering the US (largest market) continues to lag, we are likely to see shipments flat to slightly below last year, which puts the carryout in a range of 720-750 million lbs
- Shipments are not always equal to consumption as we say from CY21. Market is seeing the effect of some of the large inventory positions from buying earlier this year come to market at lower price than origin
- NASS Subjective Forecast on May 12 at 2.5 billion lbs
- With a shorter 2023 crop and strong consumption, it will pull down carryout in range of 300-500 million lbs, further drawing down the stocks to use ratio
- Prices should continue to respond accordingly



# Carry-out Projection at Unprecedented Levels



# U.S. Opportunities/Tailwinds

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**Demand for Almonds remains strong** with health halo, versatility, and hits on a number of on trend aspects

**New Product Introductions using Almonds** once again lead all other nuts in 21/22. This continues to create a very strong base of demand that will result in higher sustainable prices in the future

**The demand for “Plant-Forward” food** & vegan diets in all markets should continue to add even stronger demand growth

**Supply Chain Issues** have improved vs. CY’21 and no longer holding back monthly export potential

**Record snowpack & above normal rainfall** has secured water supplies for this year (100% allocation and likely for the following year assuming normal rainfall/snow next winter.

# U.S. Challenges/Headwinds

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**Post-Covid Almond Consumption** sinks lower in key channels and categories as they continue to face headwinds with inflationary pressures affecting consumer spending habits

**Supply Chain Issues** are still not fully resolved (I.e. Port Labor Negotiations still not finalized).

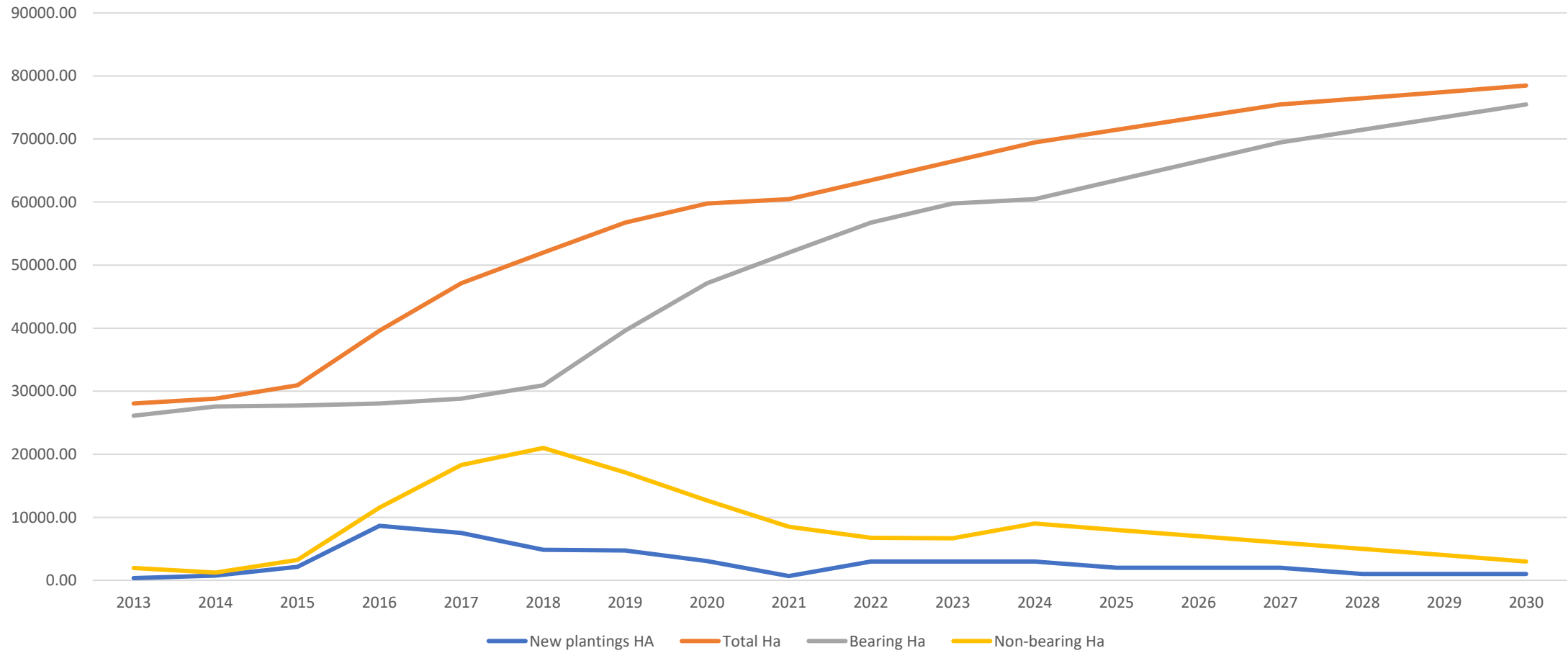
**U.S. Tariff Issues** remain in place for both China & India with no resolution on the horizon.

**Grower economics remain unfavorable** with current prices below the cost of production

**Regulatory pressures will continue to impact water availability** and will be limiting factor in California agricultural acreage expansion

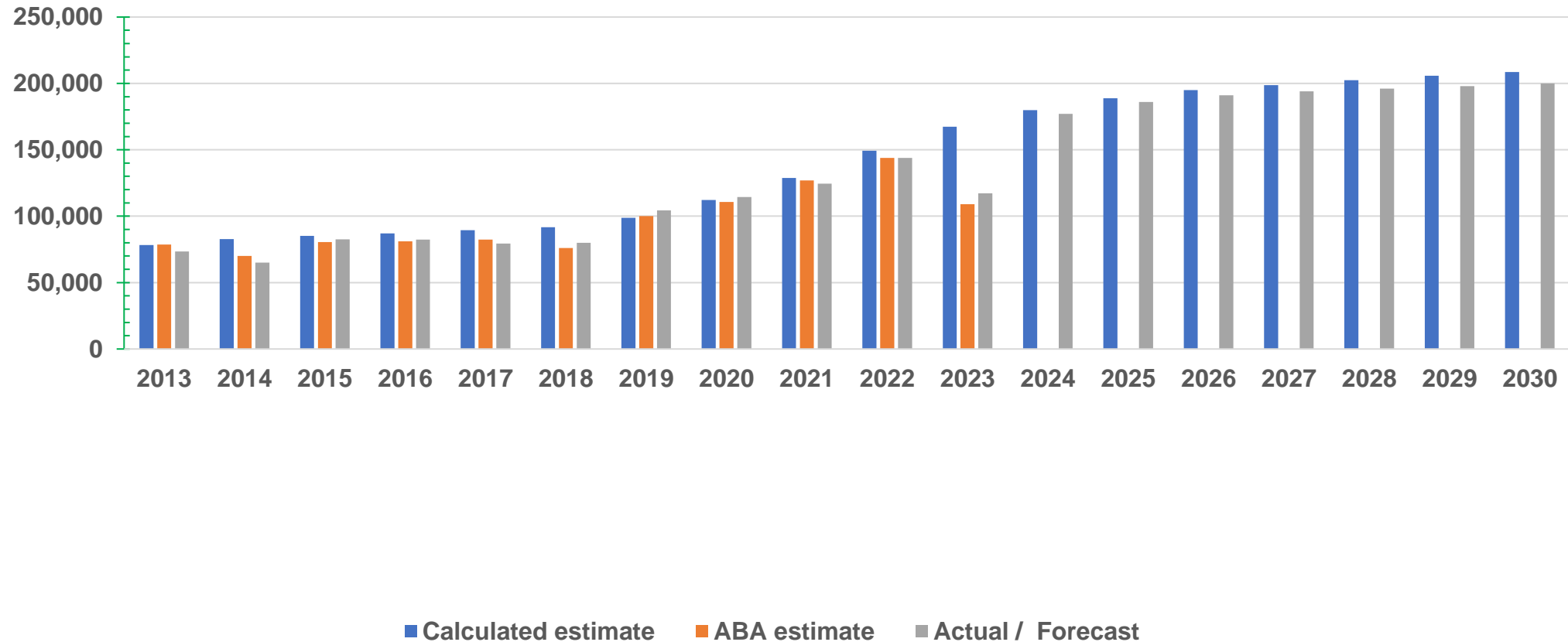
# Australia – Acreage (HA)

New plantings / Total HA / Bearing and non Bearing HA



# Australian Production Timeline (MT KE)

## Australian production tonnage timeline

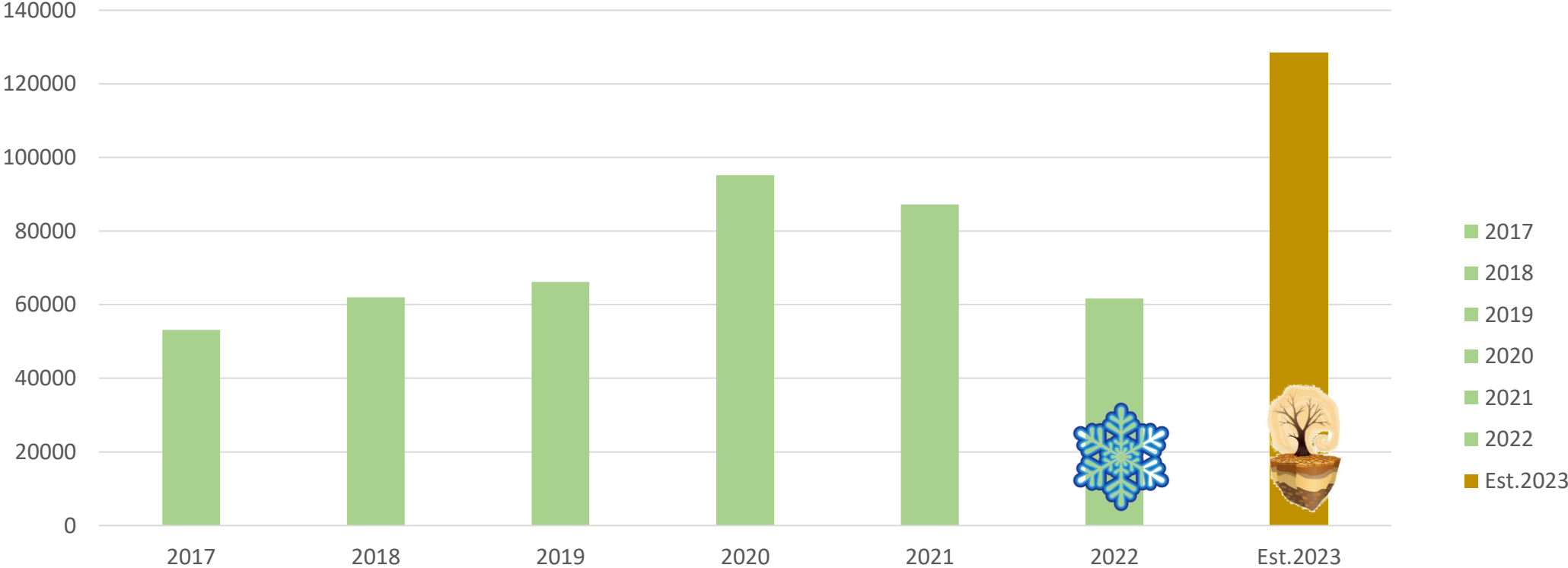


# Australia – Opportunities / Challenges

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- Peak new plantings in 2016/ 2017 – production coming online now.
- New plantings have since fallen YOY and will continue to do so as a result of irrigation availability, uncertain water policy implications, embedded growing cost inflation and low almond prices.
- Drought of 2019/2020 saw water prices at record levels.
- Australia currently has abundant water BUT this will change quickly if drought returns as a result of ElNino.
- Challenging growing and harvest conditions over the last two seasons have certainly had a major impact on quality (2022) and now yields in 2023.
- Australia has seen some benefits of the duty advantage into India and China.
- Australia domestic demand has stalled to some degree after excellent decade long growth.

# Spain's Almond Crop Evolution *(in Tn)*

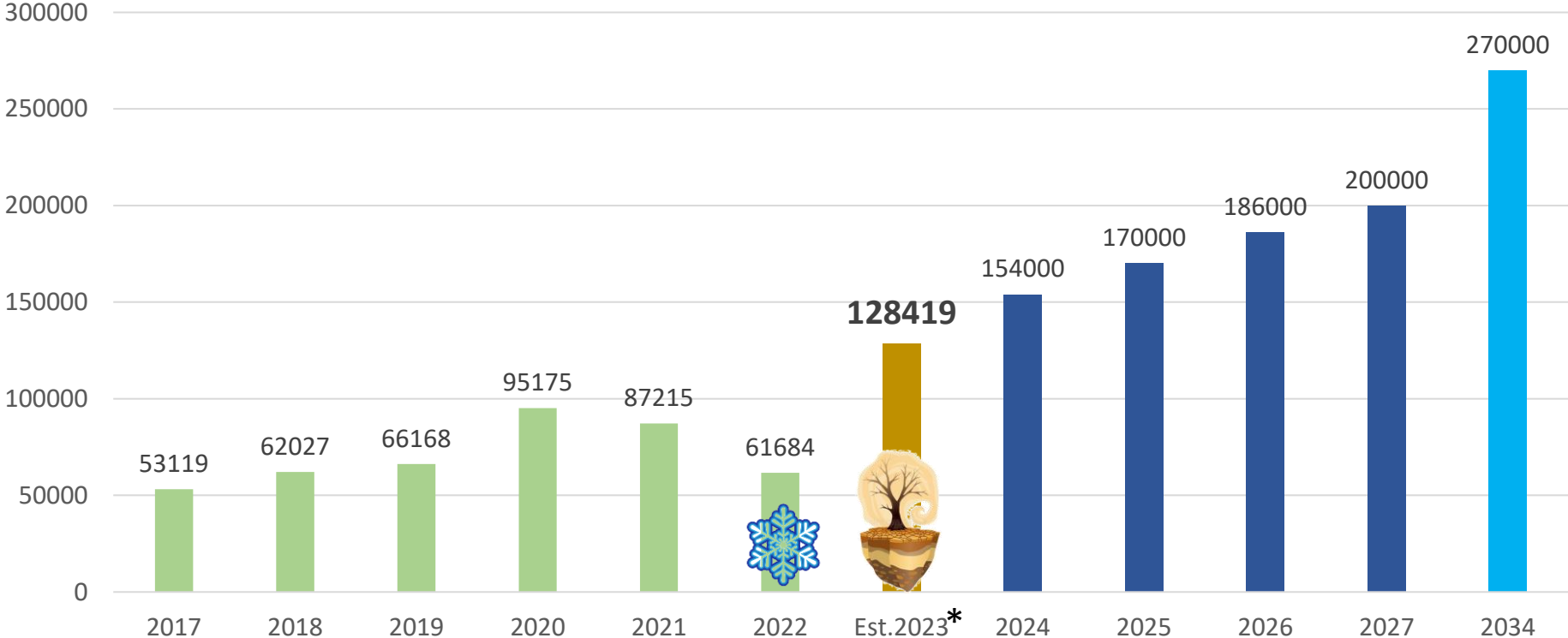


TOTAL →	53,119	62,027	66,168	95,175	87,215	61,684	128,419*
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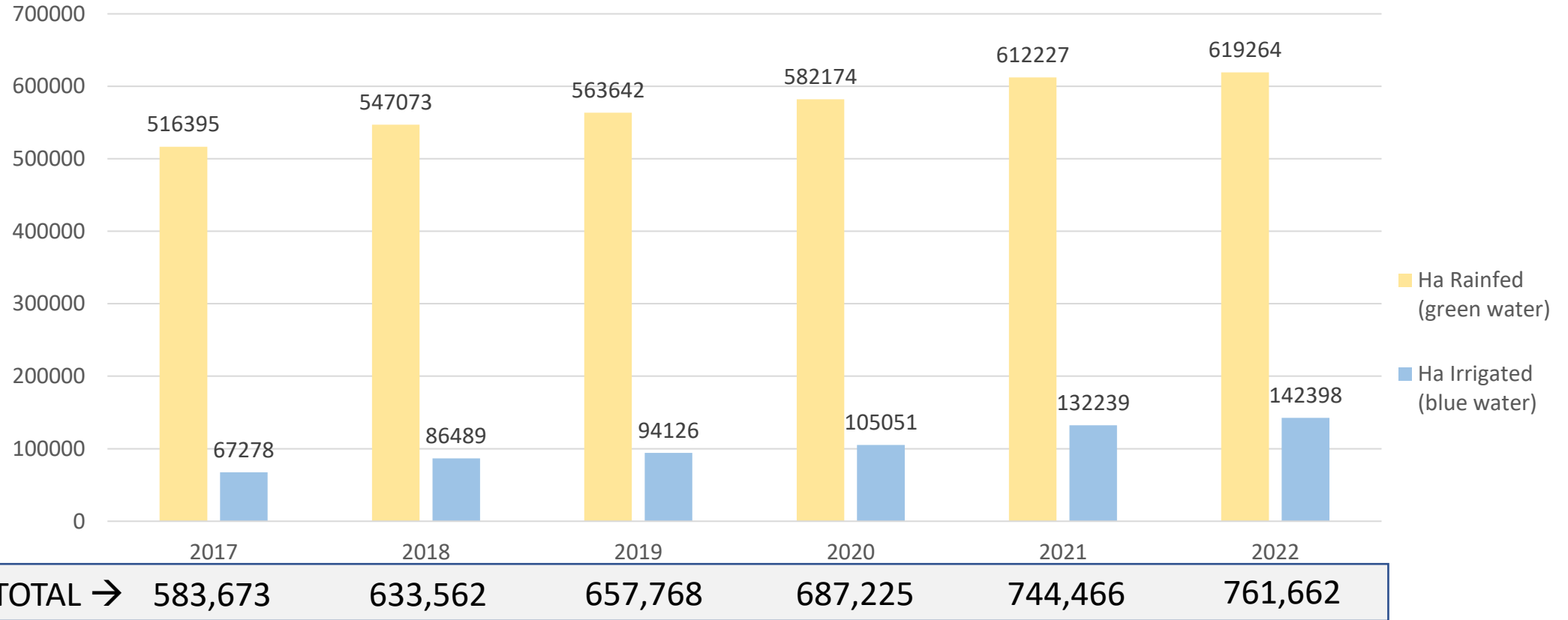




# Spain's Almond Crop Evolution *(in Tn)*



# Spain's Total Surface evolution *(in Ha)*





# Almond Market Supply - Spain

## Spanish Crop Production Dry/Irrigated - 2023/24 Estimate

In MT's	CY23/24		% of Total		Tones/ Hectare
	Hectares	Tones of Alm	Hectares	Production	
Dry Farm Hectares	436.675	55.398	83%	43%	0,13
Irrigated Hectares	89.165	73.021	17%	57%	0,82
<b>Total:</b>	<b>525.840</b>	<b>128.419</b>			<b>0,24</b>

In Lbs.	CY22/23		% of Total		Lbs./ Acre
	Acres	Lbs. of Alm	Acres	Production	
Dry Farm Acres	1.079.046	122.132	83%	43%	0,11
Irrigated Acres	220.331	160.984	17%	57%	0,73
<b>Total:</b>	<b>1.299.377</b>	<b>283.115</b>			<b>0,22</b>

## Spanish Crop Production Organic/Conv. - 2023/24 Estimate

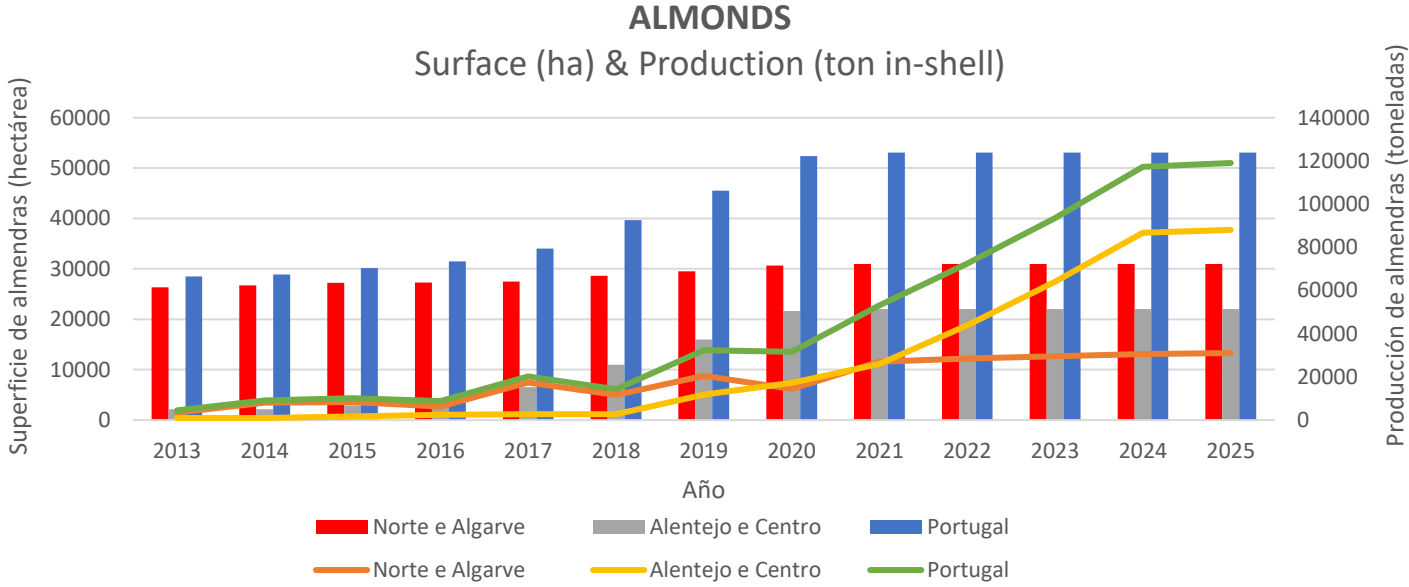
In MT's	CY22/23		% of Total		Tones/ Hectare
	Hectares	Tones of Alm	Hectares	Production	
Conventional Hectares	395.695	108.433	75%	84%	0,27
Organic Hectares	130.145	19.986	25%	16%	0,15
<b>Total:</b>	<b>525.840</b>	<b>128.419</b>			<b>0,24</b>

In Lbs.	CY22/23		% of Total		Lbs./ Acre
	Acres	Lbs. of Alm	Acres	Production	
Dry Farm Acres	977.782	239.054	75%	84%	0,24
Irrigated Acres	321.595	44.062	25%	16%	0,14
<b>Total:</b>	<b>1.299.377</b>	<b>283.115</b>			<b>0,22</b>

		Dry Farming		Irrigated				
AEOFRUSE Subjective Estimation	128.419 t	Conventional	84%	108.433 t	34%	43.822 t	50%	64.611 t
		Organic	16%	19.986 t	9%	11.576 t	7%	8.410 t
				128.419 t	43%	55.398 t	57%	73.021 t



# Almond Market Supply - Portugal



Estimate 2023 = **28,000Tn** kernel based on **93.512Tn** of in-shell



# Western Europe from a Buyer`s Perspective

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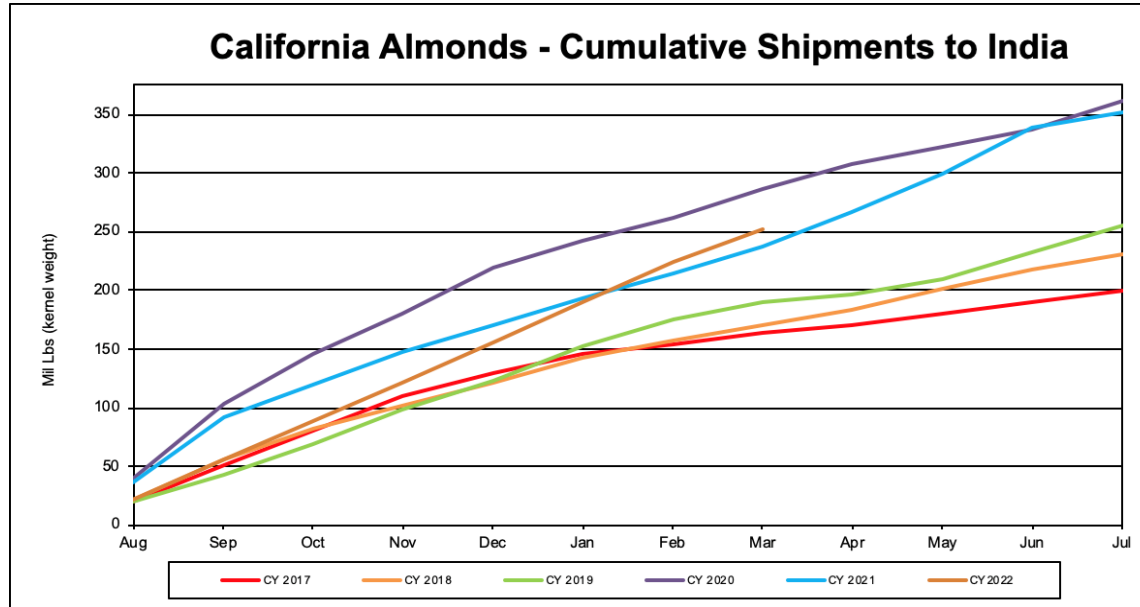
- Western Europe is considered a mature market with a relatively low price elasticity. Changes in shipment are modest compared to other destinations like India, Middle East or China.
- Shipments are not always equal to consumption as we learned from the 19/20 and 20/21 crop years.
- Supply chain issues are close non-existing.
- Increased interest rates have decreased the willingness to carry stock.
- Buyers have short memories – cannot understand why price are “so high”
- New Product Introductions using Almonds once again lead all other nuts in 21/22, but have we met an almond/nut fatigue in 2023?

# Western Europe from a Buyer's Perspective

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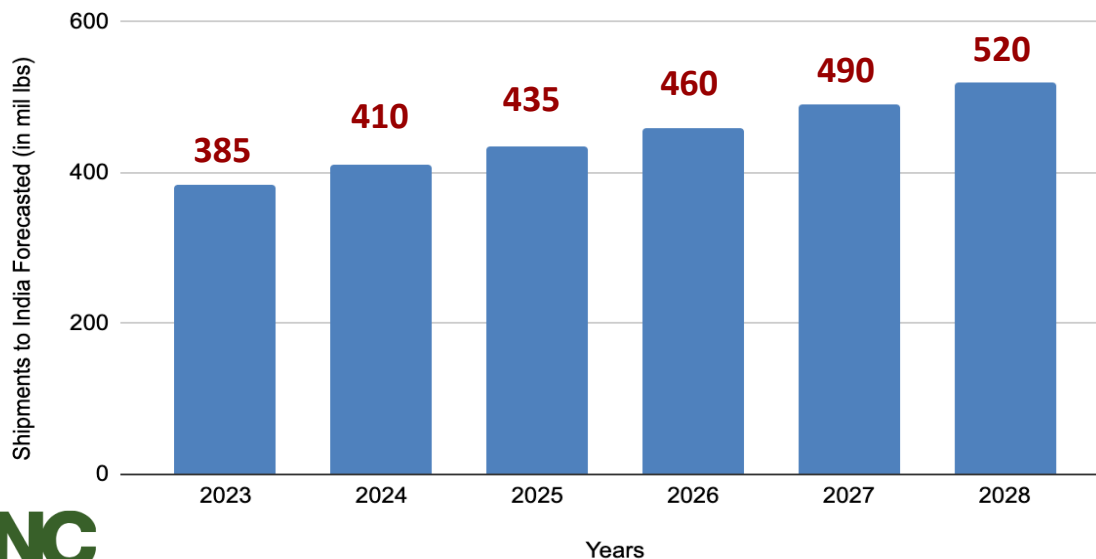
- **Snacking:** The low prices on almonds have never reached the end consumer. Snack consumption has generally decreased for all nuts. In the minds of the end consumer nuts are expensive – regardless of actual price.
- **Ingredients:** Almond prices are low, but prices for all other ingredients in e.g. chocolate, marzipan or baked goods have increased. The end product has actually increased in price.
  - The demand for the end product is influenced not only by the price of almonds.
  - The cost of sugar, dairy, eggs, flour, chocolate/cocoa all saw increases
- **The demand for “Plant-Forward” food & vegan diets** in all markets should continue to add even stronger demand growth – but with increased cost consumers are looking for cheaper sources of plant protein
- **The demand for sustainable almonds** is slowly but steadily growing. What is sustainability? Global Gap, Rainforest Alliance, FSA. Vs. CASP Certification is needed.
- **Sustainability** also means a fair price to the grower.

# Almonds & Their Growth Journey in India



- **California Almonds growth: 2017- 200 million lb to 2021- 351 million lb and 30-40 million lb from rest of the world**
- **Forecast of growth in shipments of Almonds: 6% pa**
- Food industry growth: **6% CAGR**
- Shift of 100% importers to 70% importers and 30% processors using modern technology
- Food processing booming in India valued at \$535 billion by 2025 (**5.25% CAGR**)
- Food ingredient industry \$1584 million (**CAGR 6.7%**) by 2029
- Snack industry valued at \$66.29 billion
- Almonds are used in multiple ways
  - Traditional morning consumption
  - Ingredients in traditional Indian food and desserts
  - Festivals and auspicious occasions
  - Healthy snack for millennials and Gen-Z (growing health message after COVID)
  - Vegan, plant-based alternatives like almond milk butter, flour (limited to higher income HH)

**Worldwide Shipments to India Forecasted (in mil lbs) vs Years**

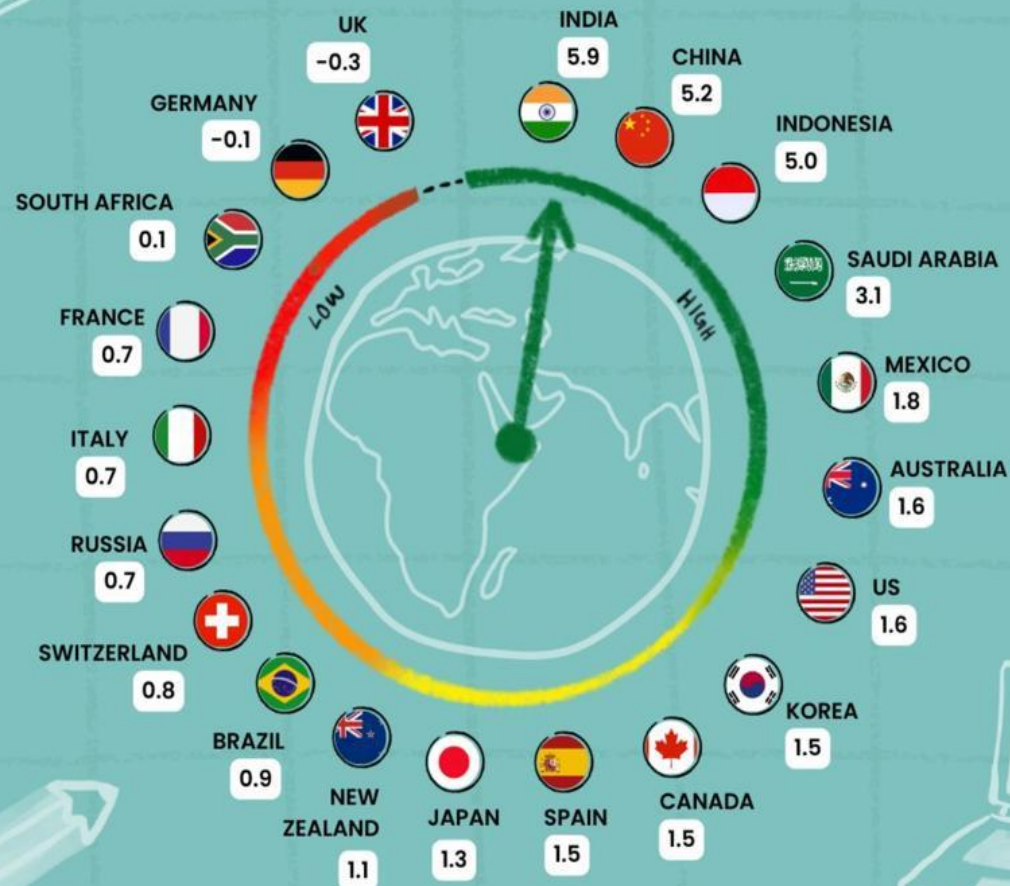


**CHALLENGE: Sustainability v/s Growth- Producers and buyers worldwide need to be healthy financially, win-win situation for all**



# World Output Projection 2023

Real GDP, annual percent change



For India, data and forecasts are presented on a fiscal year basis. India's growth projections are 5.4% in 2023 and 6.3% in 2024 based on the calendar year.

Source:  
World Economic  
Outlook IMF

April  
2023

## Dynamic, Young India

- Population > 1.4 billion people (young working population, median age 29 years)
- **300 million middle class consumers** (expected to grow to 600 million by 2030) with **rising disposable incomes**
- Rising household consumption will boost demand for goods and services, especially those involving significant amounts of "discretionary" or luxury spending

## Land of Opportunities

- India is set to become the **third largest economy by 2030** to 5 trillion dollars
- Despite the global slowdown, **India's economy has been resilient** to the world
- India's **GDP is expected to be 6.3% till 2030**
- Advanced **digital infrastructure** (internet penetration, low data cost, 2nd highest number of internet users)
- Growth of **modern retail: 9% CAGR** (size: \$779 billion)
- **Favorable industrial climate:** Digital India, Make in India
- CAGR of **E-commerce 21%** and **Q-commerce 20%**

# Summary & Conclusion

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## The Future for Almond Demand Growth Remains Bright!

- **Health**
  - Rising health & wellness interest across the globe
  - Almonds are healthy and consumers know it! Holds the #1 spot globally as the Healthiest Nut
  - There is a robust pipeline of Nutrition Research Studies recently published or underway that will not only reinforce almond healthfulness... but importantly bring it to life in new, unexpected, and relevant ways!
- **Versatility**
  - Almonds are the perfect canvas for any flavor as a compliment and never contrast.
  - Provide texture experiences from ranging from crunchy to creamy.
  - Relatively long-shelf life.
  - Almonds continue to lead nuts across New Product Introductions Globally
- **On Trend**
  - Natural/Cleaner Ingredient
  - Plant-Based
  - High Protein
  - High Fiber
  - Convenience (still the best healthy snack to keep a bag or in your purse)



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# 2023 INC Almond Round Table

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## Q&A



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# Thank you for Attending!

