

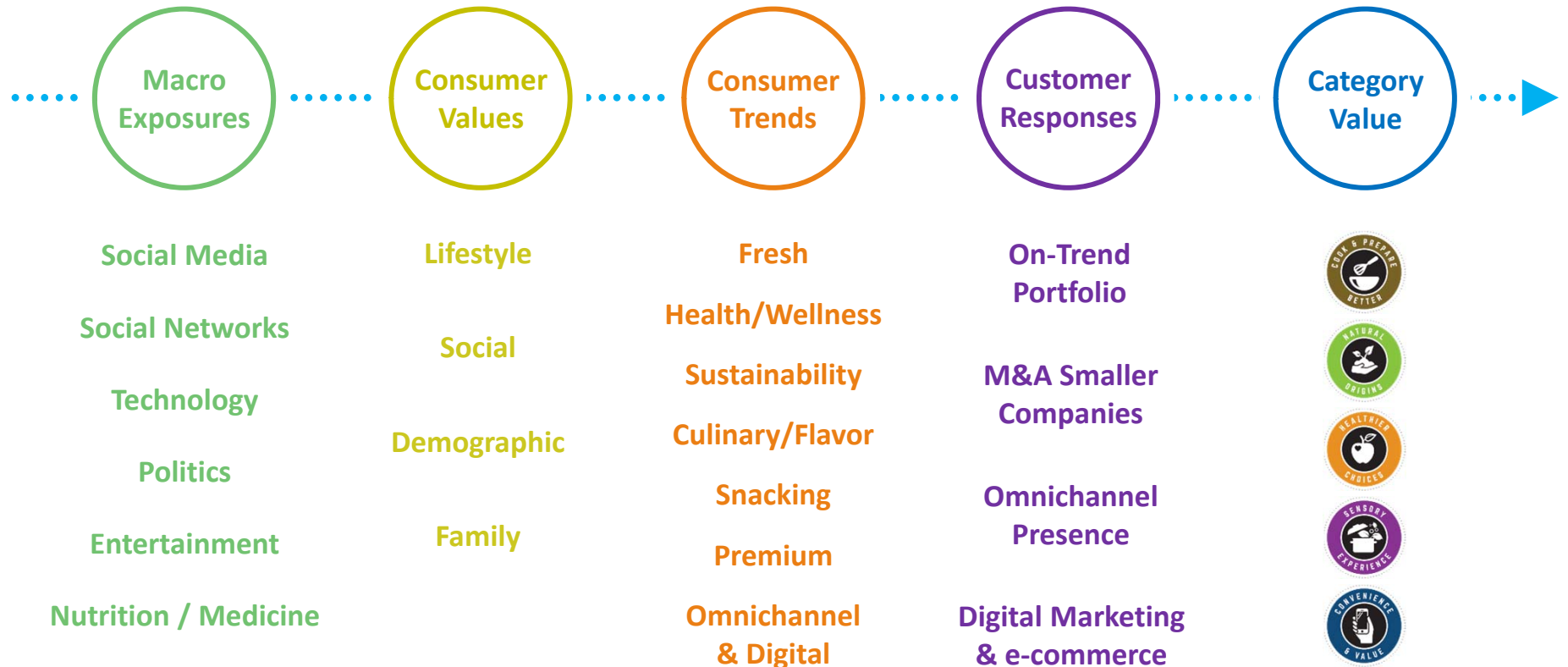
The Future Tortilla Market: Organic, Ancient Grains, Transitional



minsa

BUNGE

THE EVOLUTION OF VALUE CREATION FROM CONSUMER TO GRAINS



U.S. CONSUMER VALUES EVOLVING IN RESPONSE TO MACRO-EXPOSURES



Lifestyle

- Food & Public Health

In 1990, adult obesity rate was 19% or less in all states and now, only 2 states have less than 25% rate

- Technology

57% of Gen Z watch TV with a computer, tablet, or smart phone (19% of boomers)



Social

- Liberal politics

54% of Millennials lean towards Democrat compared to 44% of Boomers

- Work-life blurring

Over 50% of parents say it is very/somewhat difficult to manage work and family

- Knowledge workers

Manufacturing jobs in 2017 are 12M (-7M from 1979) while knowledge jobs grew to 60M



Demographics

- Diversity

49% of the Gen Z population is non-white compared to 28% of Boomers

- Upmarket Shift

Upmarket grew from 5% of population in 1990 to 10% in 2015

- Urbanization

Since 1950, the US population in urban areas grew 25% to 81% in 2000



Family

- Living Alone

27% live in a single-person households (+9% from 1970)

- Multi-Generational

19% or 61M live in a multi-generational household(+7%/+33.1M from 1980)

- Gender roles

Since 1965, Men's weekly hours of housework grew 6 hours as women's decreased 14 hours

The Hartman Group

U.S. TRENDS THAT ARE SHAPING FOOD CONSUMPTION



Fresh & Simple

Fresh is defined as **'presence of positives'** i.e. local, minimally processed, recognizable ingredients, and short ingredient lists; and **'absence of negatives'** i.e. HFCS, trans, artificial additives



Health & Wellness

Health & wellness is consumers wanting to **feel good** about themselves, **have energy** through the day, not be obese, and live a balanced, happy lifestyle



Sustainability & Sourcing

Sustainability & sourcing is defined by consumers using 4 zones. They think about personal, social, economic, and environmental issues



Culinary & Flavors

Culinary & flavors is to being distinctive with new **flavors**, new **ingredients**, & **global cuisines**. Consumers look for how it is made: **craft, specialty, or artisan**



Snacking & On-the-Go

Snacking to consumers are all of the other eating & drinking that happens outside of meals. Consumers snack to satisfy one of three needs: **nourishment, optimization, or pleasure**



Premium Experiences

Premium means less legacy brand engagement, clean panel is critical, and one or more contemporary cues of high quality production or sourcing... smaller trendy brands beating legacy brands.



Omnichannel & Digital

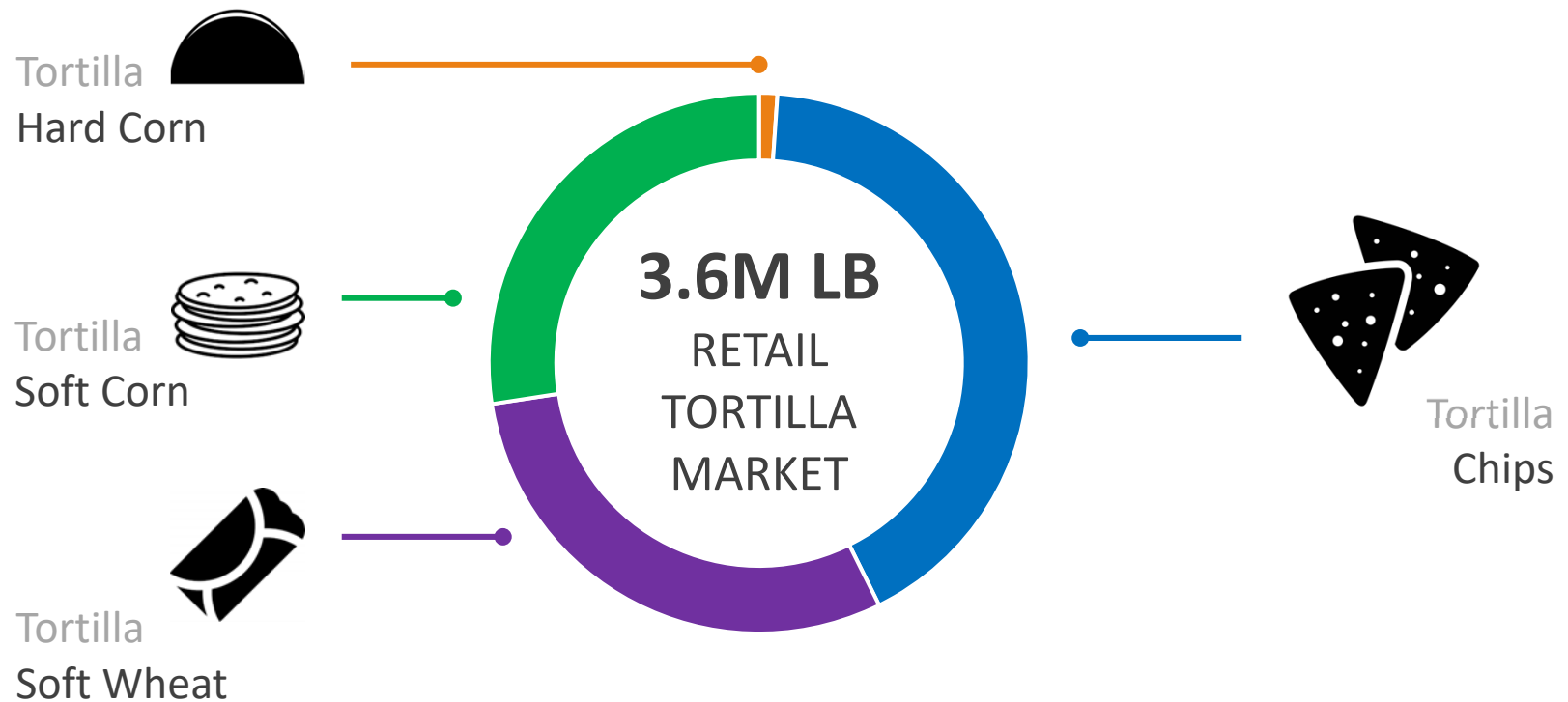
Omnichannel occurs as grocery shopping has become more complex than just a trip to the grocery store. Consumers are going to **multiple channels** & are increasingly **shopping online**

Product & Menu Features

Customer

Channel

U.S. retail tortilla market is lead by tortilla chips, then soft tortillas



Tortilla consumption should be considered versus it's substitutes

Tortillas vs Bread



Corn Shell



Corn Soft



Wheat Soft



Bread

Tortilla Chips vs Other Snacks



Tortilla Chips



Potato Chips



Extruded Snacks

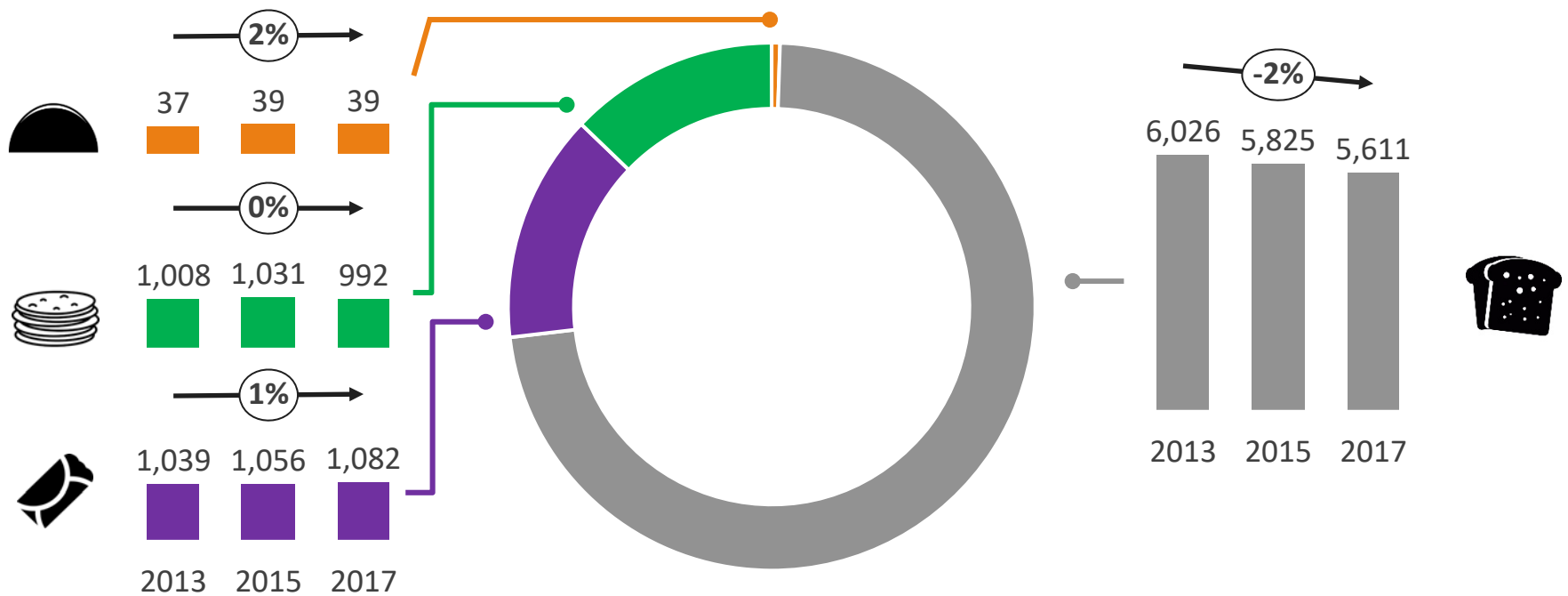


Crackers

U.S. tortillas shows overall modest growth, bread is larger, in decline

Tortillas (Mlbs)
 (+1% 5Yr CAGR)

Bread (Mlbs)
 (-2% 5Yr CAGR)



Soft corn tortillas: organic, cleaner label are key on-trend drivers

On-Trend Growth Drivers	Traditional Growth Drivers
<ol style="list-style-type: none">1. Organic (+2M lb)2. Cleaner Label (+1M lb)3. Non-GMO (0.4M lb)4. Ancient Grains (0.2M lb)	<ol style="list-style-type: none">1. Gluten Free (+15M lb)2. Less Sodium (+14M lb)3. Whole Grain (+2M lb)

Soft wheat tortillas: organic and ancient grains key on-trend drivers

On-Trend Growth Drivers	Traditional Growth Drivers
<ol style="list-style-type: none">1. Cleaner Label (+6M lb)2. Organic (+4M lb)3. Ancient Grains (+4M lb)4. Non-GMO (+2M lb)	<ol style="list-style-type: none">1. Gluten Free (+4M lb)2. Less Sodium (+0.5M lb)

Soft tortilla market: organic and ancient grains show steady growth

Corn Mlbs 

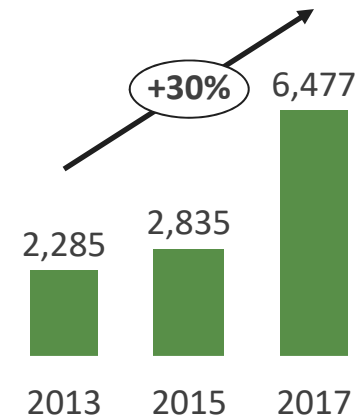
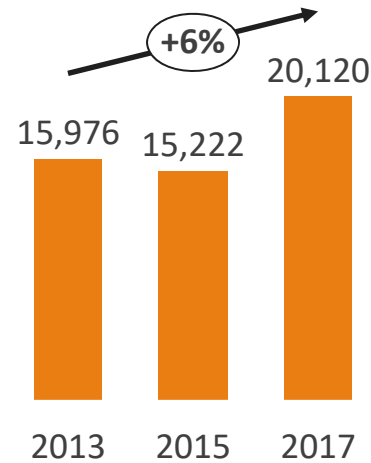
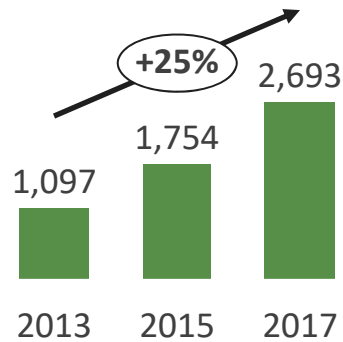
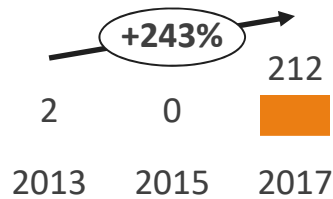
 Wheat Mlbs

Ancient Grains

Organic

Ancient Grains

Organic



Source: Nielsen

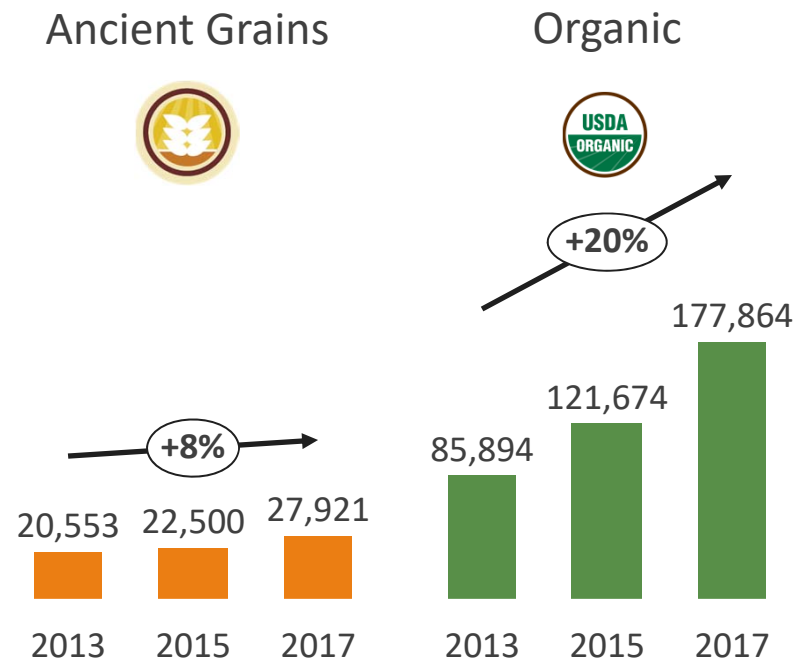
U.S. bread market: cleaner label, organic, ancient grains growth drivers



On-Trend Growth Drivers

1. Cleaner Label (+243M lb)
2. Organic (+92M lb)
3. Non-GMO (+23M lb)
4. Ancient Grains (+7M lb)

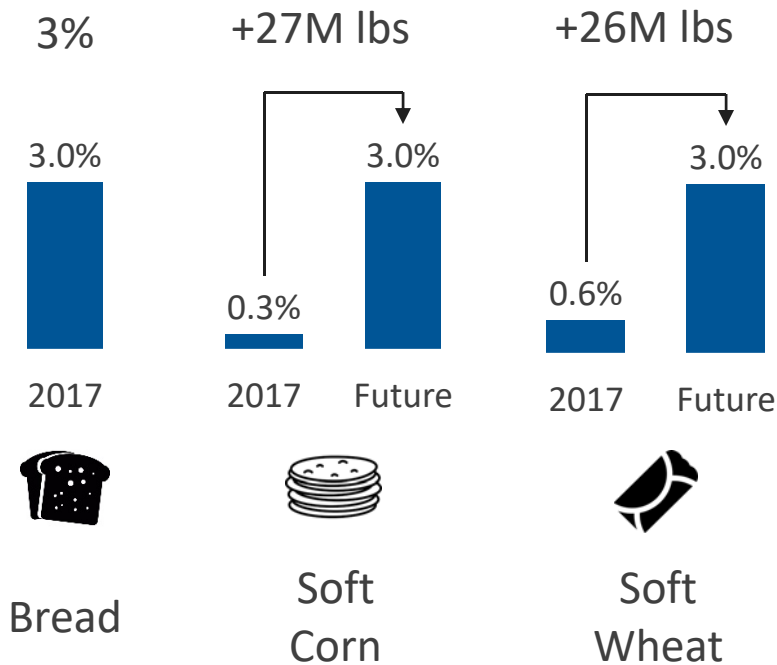
Volume Mlbs



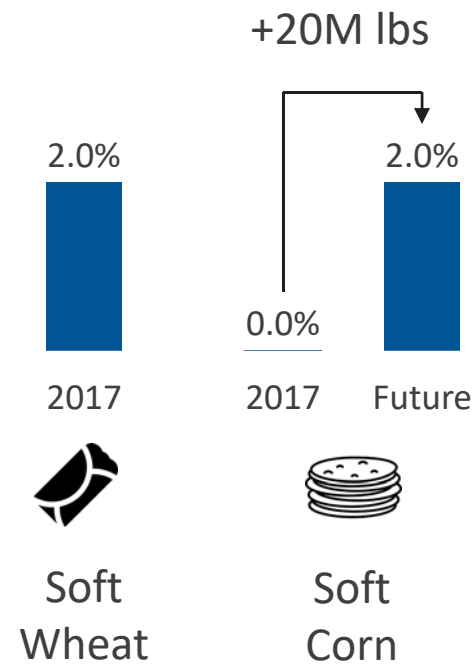
Source: Nielsen

Tortillas show good growth potential with organic and ancient grains

Share Growth Target & Benefit



Share Growth Target & Benefit



Source: Nielsen

Soft corn & wheat tortillas: organic & ancient grain price premium

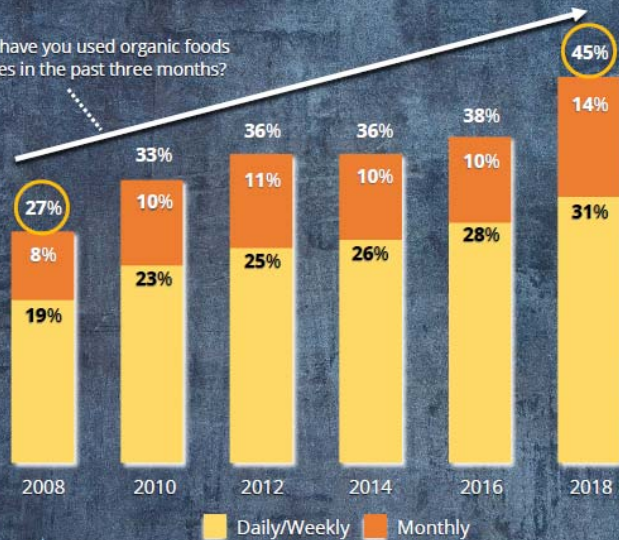


Source: Nielsen

A Decade of Organic Usage: 2008-2018

Looking back ten years, we find significant overall growth of organic participation. Today, the vast majority of U.S. consumers report using organic food and beverage products (85%). About a third (31%) use them on at least a weekly basis.

How often have you used organic foods or beverages in the past three months?



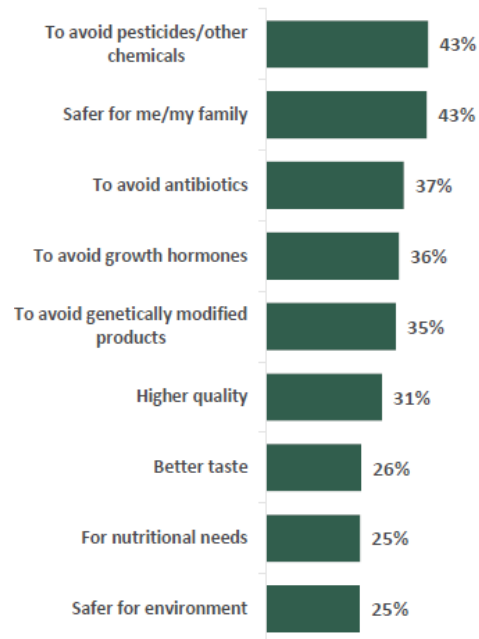
■ Daily/Weekly ■ Monthly

Source: Organic & Natural 2018 report

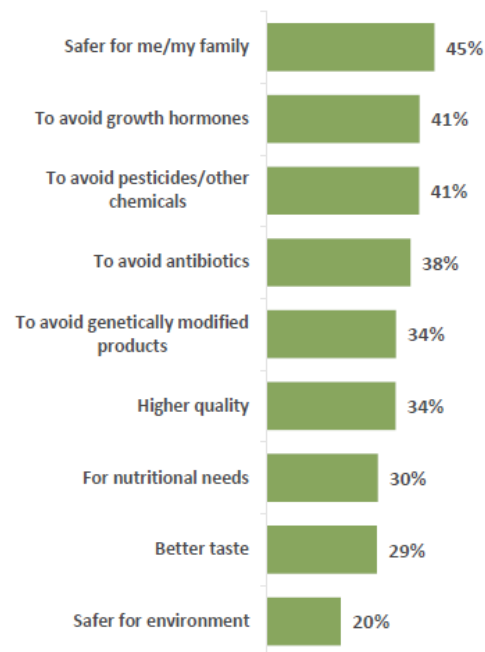
More and more consumers are participating in the organic segment in the U.S., and this trend is likely to continue

Safety and avoidance of perceived negatives continue to motivate consumers to purchase organic and natural products

Top Reasons Buy ORGANIC Food & Beverages
- Organic Purchasers -



Top Reasons Buy NATURAL Food & Beverages
- Natural Purchasers -



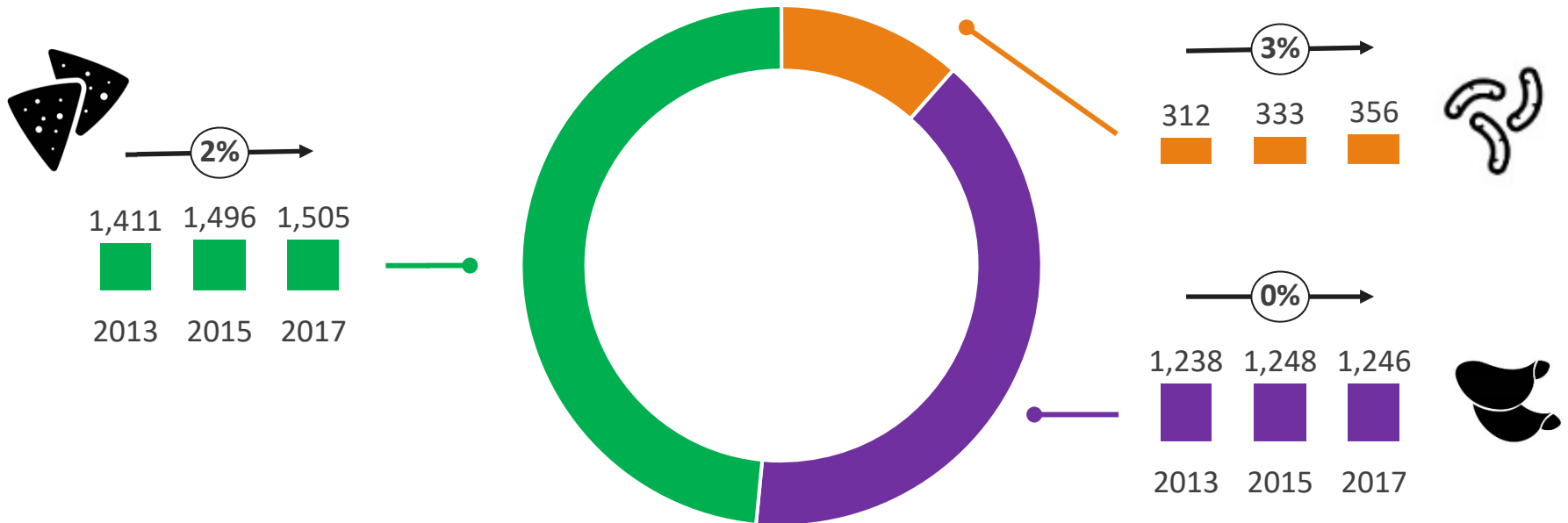
Top drivers and key reasons why consumers choose organic food and natural products

Source: Nielsen

U.S. retail tortilla chip market versus other key savory snacks

Tortilla Chips
(+2% 5Yr CAGR)

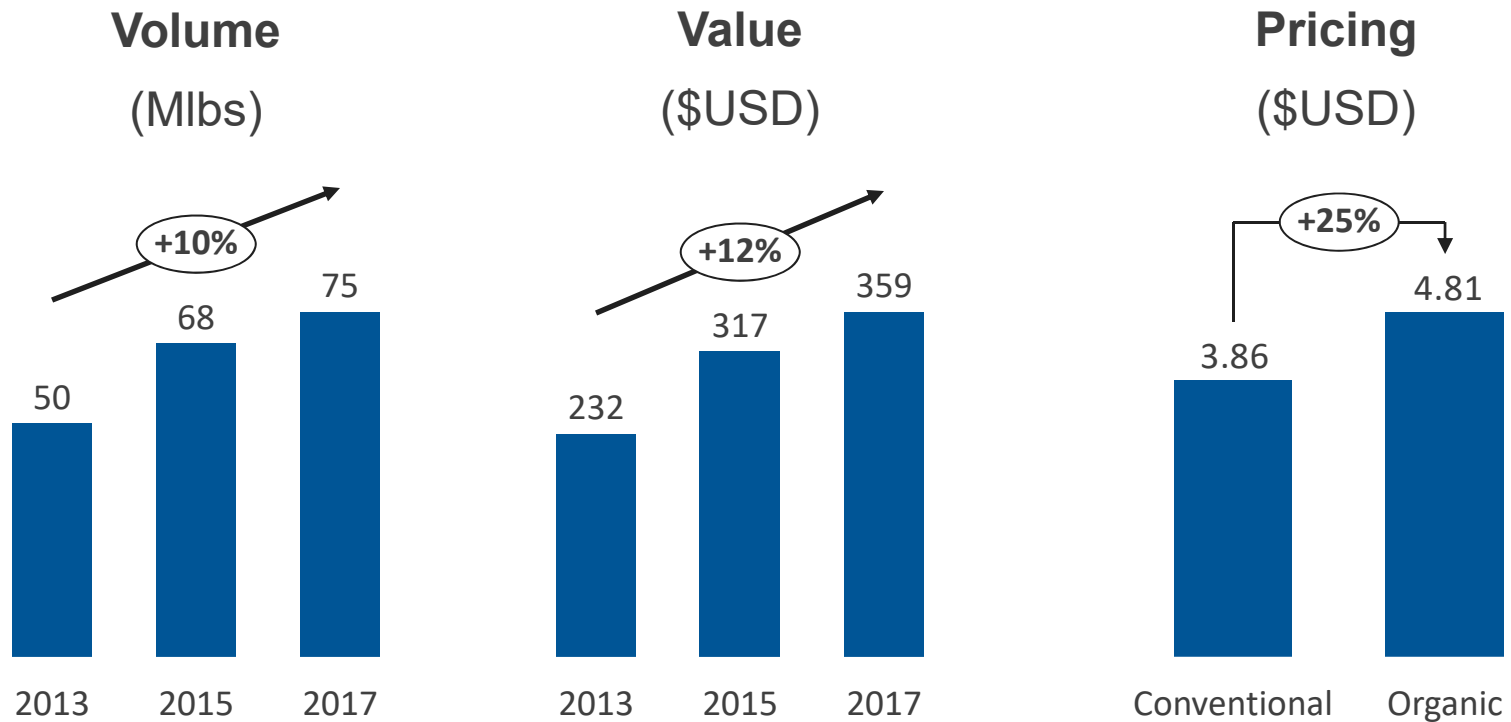
Chips & Extruded Snacks
(+1% 5Yr CAGR)



U.S. retail tortilla chip growth drivers: clean label and organic are key

On-Trend Growth Drivers	Traditional Growth Drivers
<ol style="list-style-type: none">1. Cleaner Label (+105M lb)2. Bold Flavor (+83M lb)3. Organic (+24M lb)	<ol style="list-style-type: none">1. Gluten Free (+117M lb)2. Less Sodium (+39M lb)

Organic tortilla chips in retail: strong growth plus a price premium



Source: Nielsen

Potato chips & extruded snacks show organic, clean label, non-GMO growth



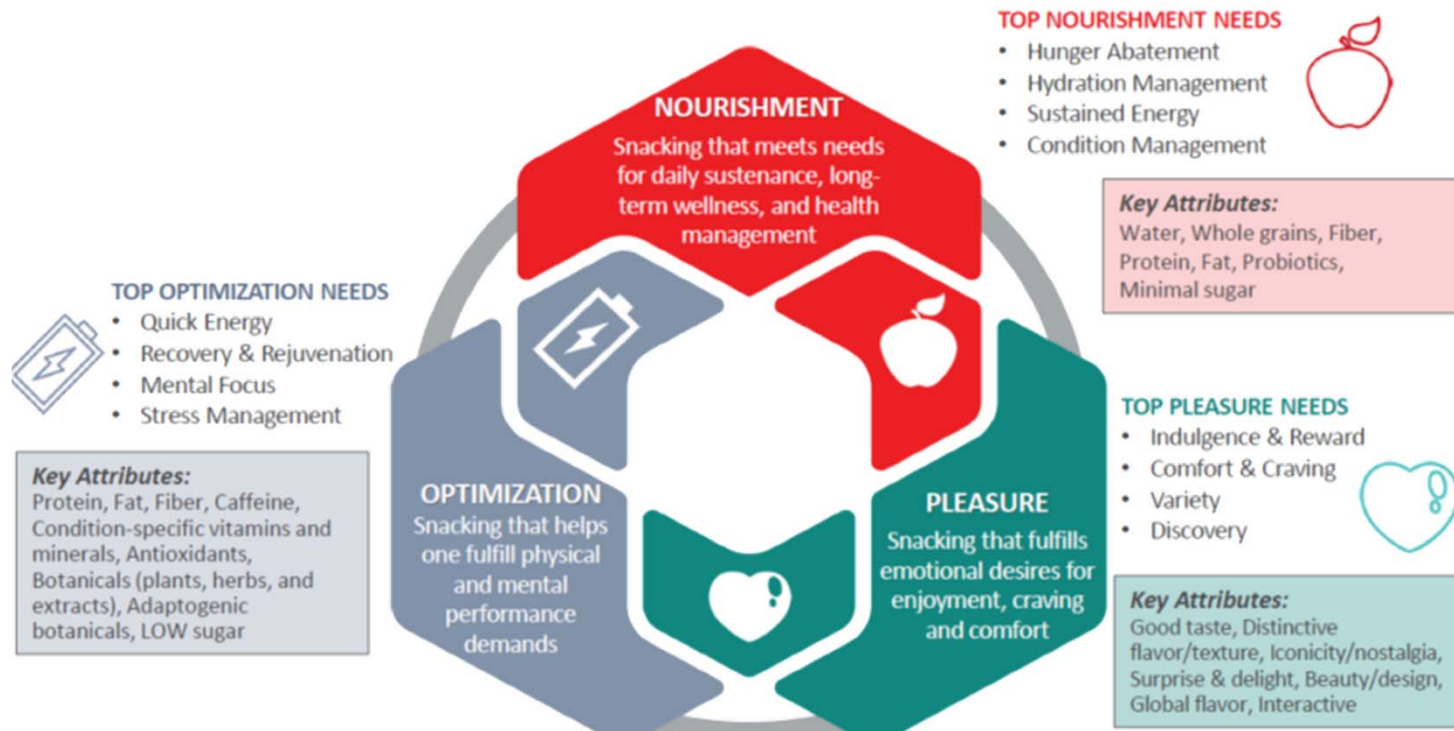
1. Gluten Free (+82M lb)
2. Organic (+1M lb)



1. Gluten Free (+214M lb)
2. Clean Label (+31M lb)
3. Non-GMO (+22M lb)
4. Whole Grain (+4M lb)
5. Organic (+2M lb)

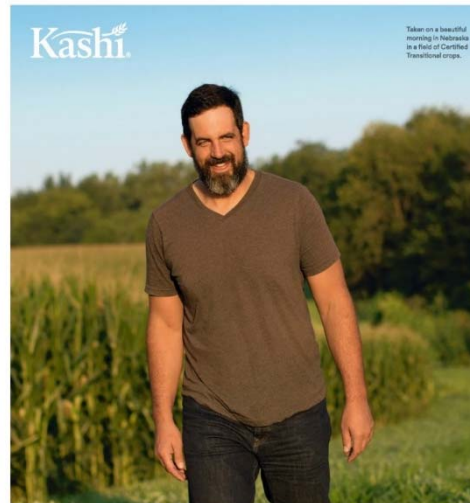
Source: Nielsen

Reasons why consumer snack: organic and ancient grains fit well



Source: The Hartman Group

Transitional is a growing opportunity with Kashi a key driver in breakfast cereals... tortilla opportunity



This cereal is not organic.

But hang on. That's the point.

Meet Eric, or as he likes to call himself, the conductor in an ecological orchestra. Eric believes so much in sustainable farming, that he transitioned part of his farm to organic so others could see that keeping the earth healthy for future generations yielded nearly as much

food as conventional methods. We think this is awesome, especially since less than 1 percent of US farmland is organic. Now he is converting even more acreage to sustainable farmland, but the transition isn't easy. Farmers like Eric have to go through three years of implementing sustainable, organic practices on their land without a return on investment







*Look for the mark of the movement.

immediately, making the transition challenging. That's why we believe in Certified Transitional, an initiative to support farmers during their transition to organic. So this Cinnamon French Toast cereal is not organic, but that's the point. With each tasty bite, you support Eric and farmers like him as they take strides toward a more sustainable world, one cinnamon-y spoonful at a time.

Visit KashiKasha.com to learn more about how Certified Transitional and farmers like Eric are making food forward.



Organic, ancient grains, transitional: opportunity for all tortillas

				
Organic	✓	✓	✓	✓
Ancient Grains	✓	✓	✓	✓
Transitional	✓	✓	✓	✓

BUNGE COMBINED OILS & GRAINS ADS

NON-GMO, ORGANIC, AND TORTILLA CAPABILITIES

BUNGE IS YOUR SINGLE SOURCE
for all
OF YOUR TORTILLA INGREDIENT NEEDS.

YOUR PARTNER, PROTECTING YOUR BRAND AND BUSINESS

Masa is the newest addition to Bunge's broad portfolio of ground masa flours, which includes organic, non-GMO, white, whole, whole-grain, whole grain, and ancient grain. Bunge also offers shortening and oil—conventional, high-performance, non-GMO, and organic—made all of your tortilla ingredient needs. As a partner that offers a reliable ingredient supply and versatile packaging options, we will work with you to leverage our comprehensive offerings to create innovative food solutions that meet your needs.

Visit BungeCreativeSolutions.com/Masa, email INMA_Milling_Sales@bunge.com, or call (800) 538-4533 for more information.

Our traceable ingredients

BUNGE

55%
OF CONSUMERS
AVOID
SATURATED FAT

Align with Consumer Trends Without Sacrificing Performance

Amid constantly changing consumer trends, you still need ingredients that perform. Bunge's PhytoBake shortening replaces saturated fat with phytoesters, offering up to 46 percent less saturated than palm oil shortening, as well as improved functionality. Tortilla manufacturers can expect 15 percent better reliability, a 20 percent reduction in cracks and tears, and a longer shelf life. PhytoBake can also enhance the nutritional content of other snack foods, including cookies, pie crusts, cakes, and more.

Visit BungeCreativeSolutions.com to learn more about the improved functionality of Bunge's PhytoBake shortening.

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As ANCIENT GRAINS
GROW IN POPULARITY
AND YOU NEED TO
STAND OUT FROM THE CROWD
try new
SORGHUM MASA
FROM **BUNGE.**

THE FIRST AND ONLY SUPPLIER OF STONE GROUND SORGHUM MASA

Bunge can help set you apart from the competition with our new sorghum masa. We offer a reliable supply of sorghum, as well as millets and quinoa, in multiple ingredient formats. All of Bunge's ancient grain offerings are Non-GMO Project verified and can be used side-by-side in your current formulations.

Visit BungeCreativeSolutions.com or call (800) 538-4533 for application recommendations or to request a sample.

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