

TORTILLA INDUSTRY OVERVIEW



Jim Kabbani
TIA Executive Director & CEO

Agenda

- Details of Today's Events
- Role of Tortillas
- The Tortilla Market
- How & Why It Is Growing
- Analysis By Segment
- How TIA Works For You

Agenda Update

PLEASE SEE PROGRAM BOOK INSERT / HAND-OUT

DAY 1 - FRIDAY OCT 7th		SPEAKER
8:30 - 9:00	1 Opening Session: Tortilla Market Update & Tech Conference Program Overview	Jim Kabbani TIA
9:00 - 9:50	2 Commodity Pricing Forecasts for 2017	Patrick Sparks, Global Risk Management
10:00-10:50	3 Impact of FSMA: Understanding HACCP vs. HARPC & How to Prepare	Jesse Leal, AIB
11:00 - 11:50	4 Equipment Maintenance Best Practices - Oven, Divider press, Sheeter, Fryer (panel)	Raul Valdes, Casa Herrera - Tim Hulsey, Lawrence Equipment
12:00 - 1:00	5 Working Lunch: "Ask The Experts" Panel	Panel of Producer members from TIA board
1:00 - 1:50	6 Bacterial Detection & Prevention of Listeria, Salmonella, Mold and Yeast	Ted Moffett, Director of Food Safety & Steve Weiland, Microbiologist, PSSI
2:00 - 2:50	7 Trends in Manufacturing Equipment Design - Panel	Kyle Desmond, Casa Herrera - Dave Rodriguez, Lawrence Equipment
3:00 - 3:50	8 Understanding Pathogenic <i>E. coli</i> in Flour and Other Low Moisture Food Products	Dr Alex Brandt, Food Safety Network FSNS
4:00 - 4:50	9 Function & Properties of Tortilla Ingredients	Steve Bright, Mesa Foods
5:00 - 7:00pm	10 Cocktails & Tabeltops Reception	
DAY 2 - SATURDAY OCT 8th		
8:00 - 8:50	1 Troubleshooting & Fixing Tortilla Problems	Dr. Kirk O'Donnell
9:00-9:50	2 Partially Hydrogenated Oils - Alternatives & Options	Tom Tiffany, ADM
10:00-10:50	3 Labeling Regulations & Other Legislation On The Horizon Affecting Our Industry	Keith Nelson, Lobby-It
11:00 AM	IBIE Exhibit Halls Open	

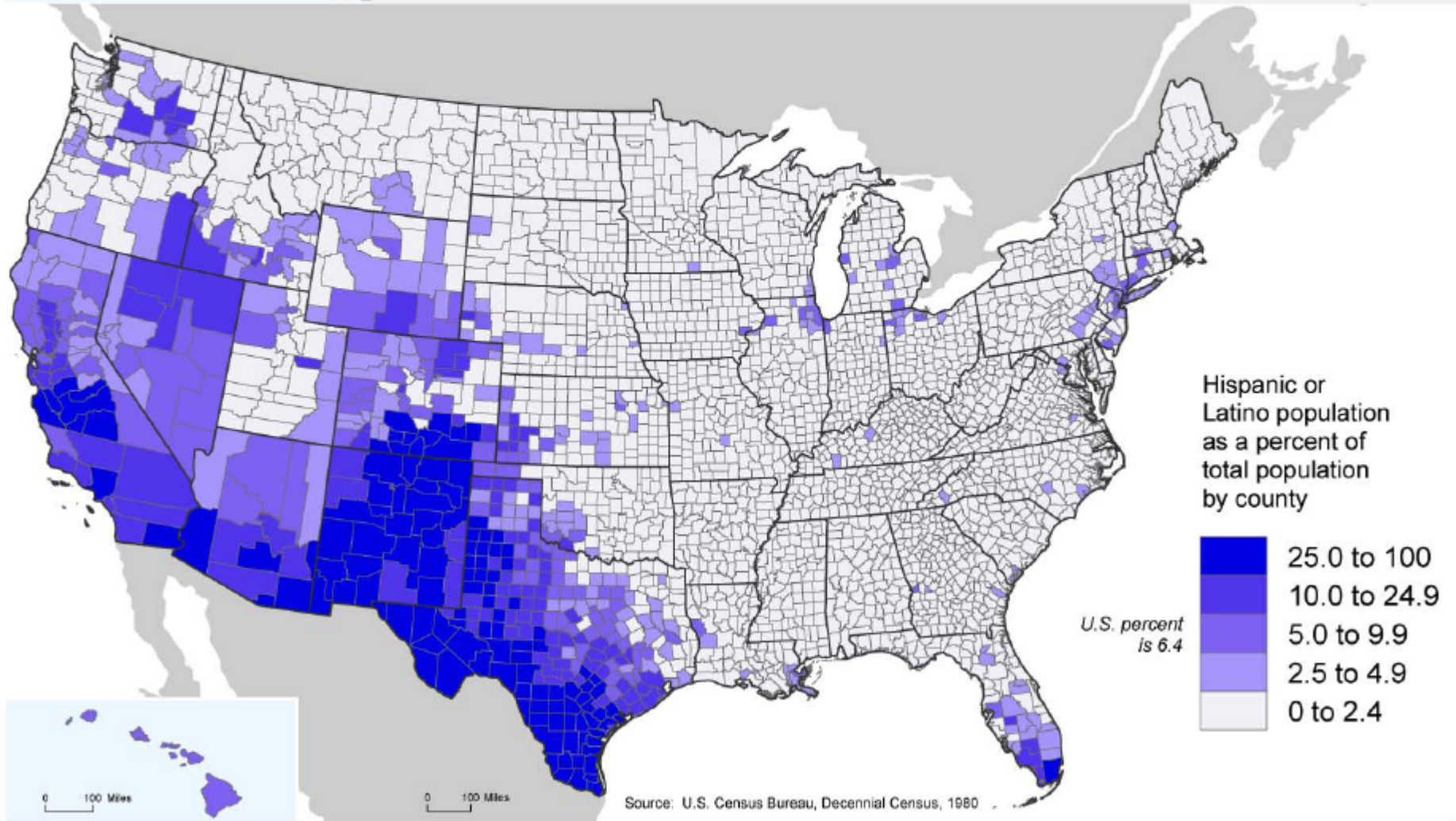
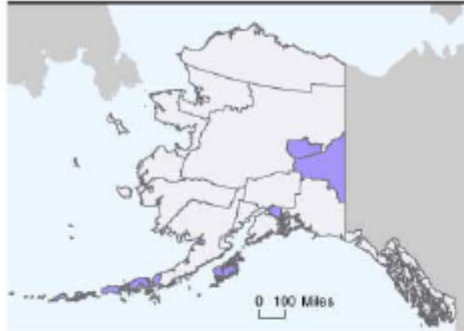
Tortillas – What & Why

- For Consumers:
 - Tortillas Are a Food Delivery Vehicle
- For Corporations:
 - Tortillas Are a Results Delivery Vehicle

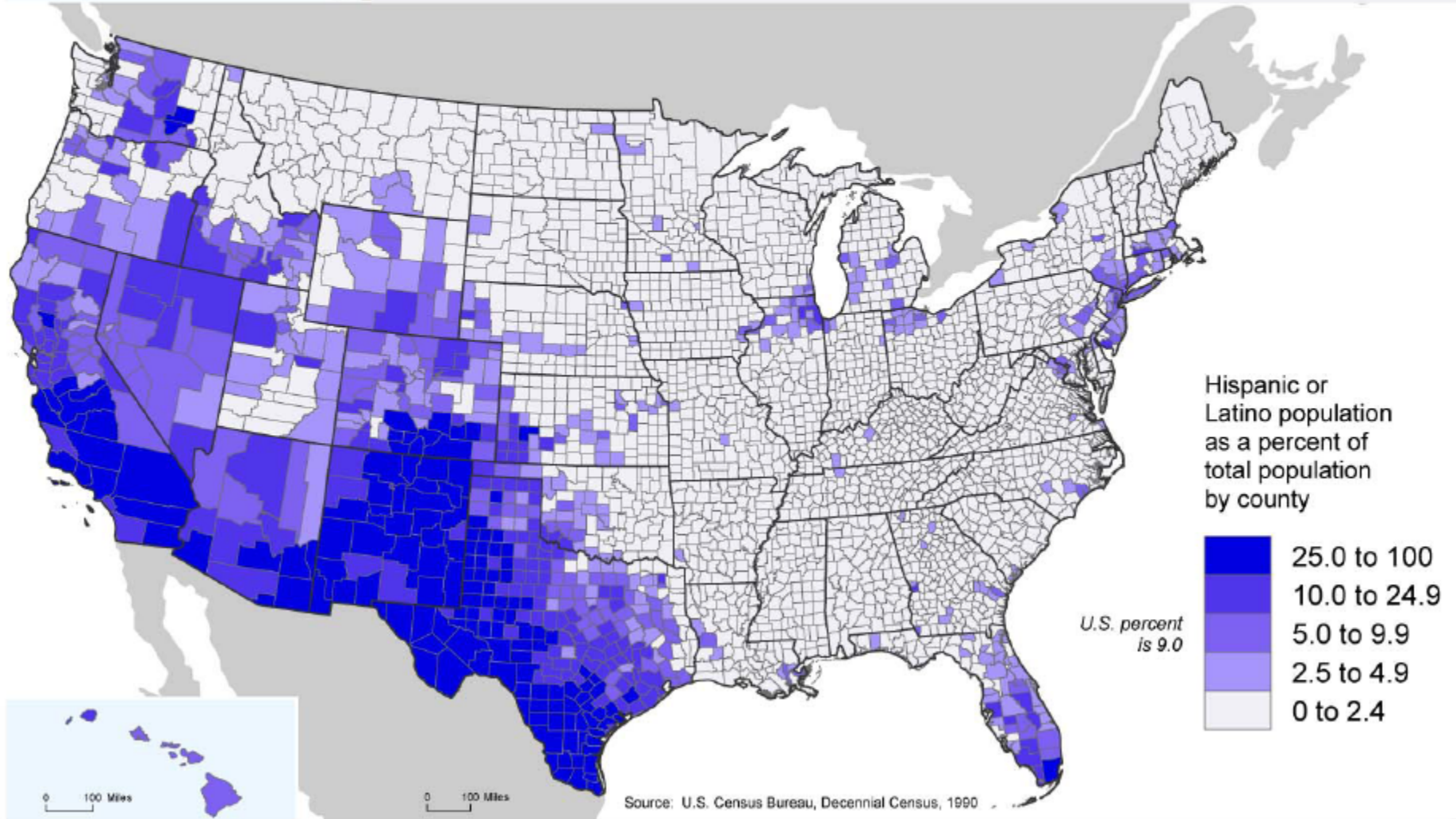
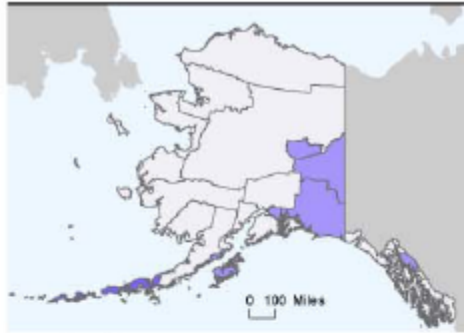
Effective Participation In The Tortilla Industry
Is A Revenue-Building Strategy For Producers
And Suppliers In The Baking Industry

Demographic Drivers

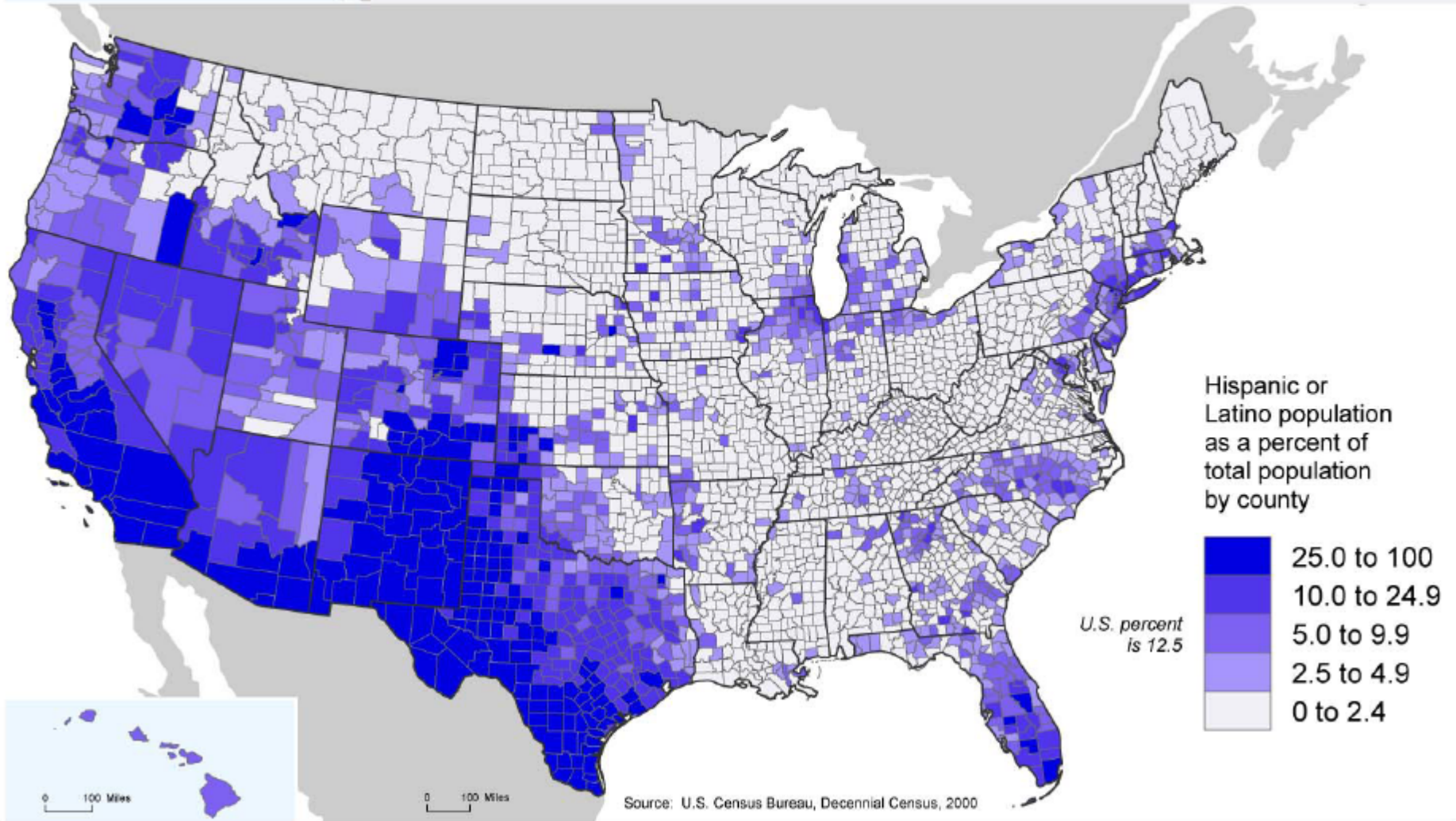
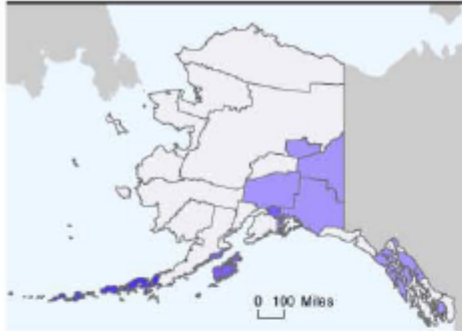
Percent of Population 1980 Hispanic or Latino



Percent of Population 1990 Hispanic or Latino

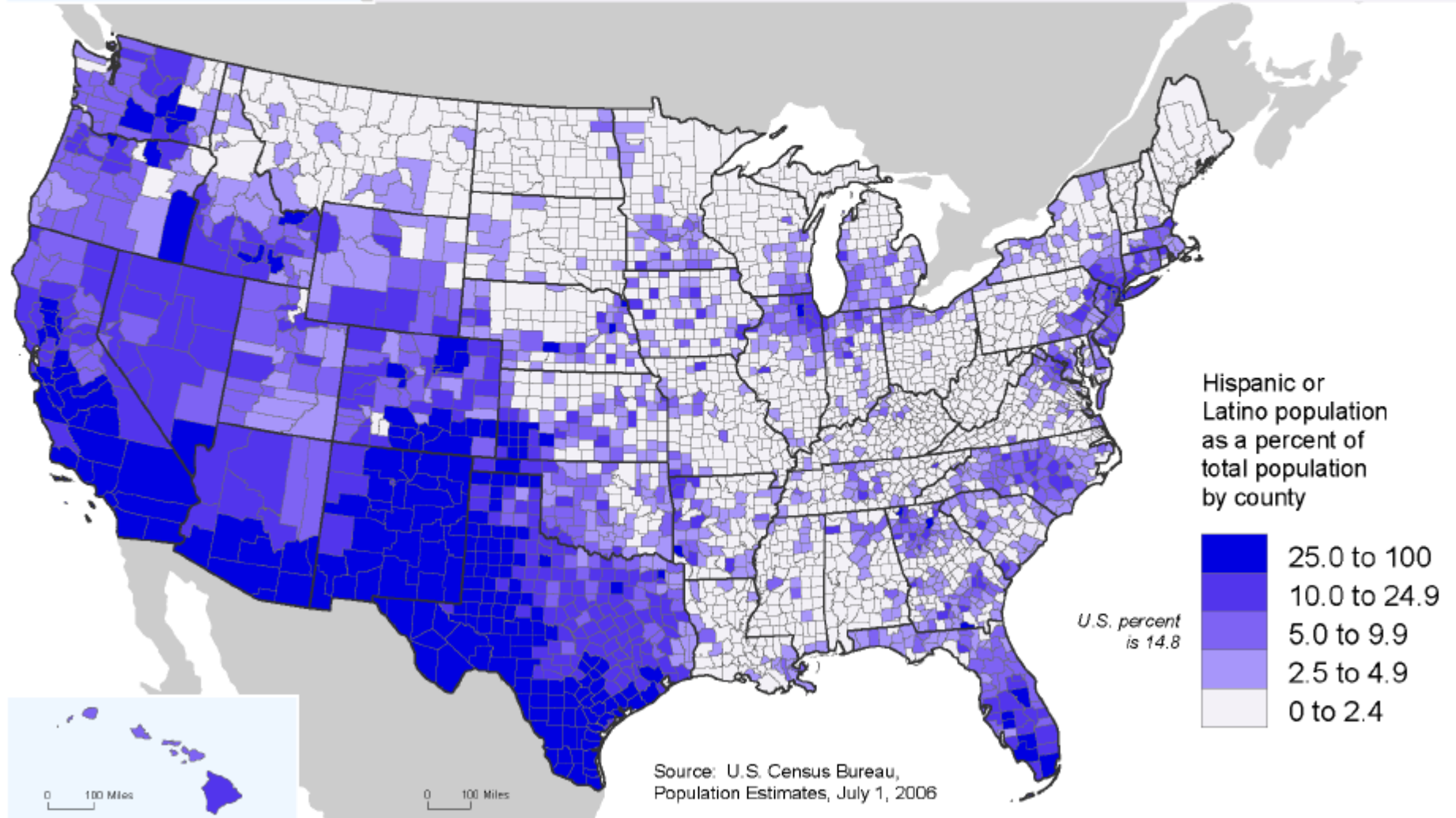
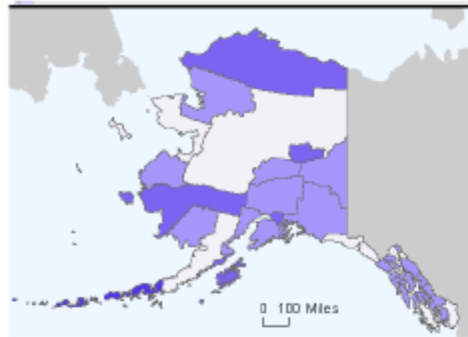


Percent of Population 2000 Hispanic or Latino



Source: U.S. Census Bureau, Decennial Census, 2000

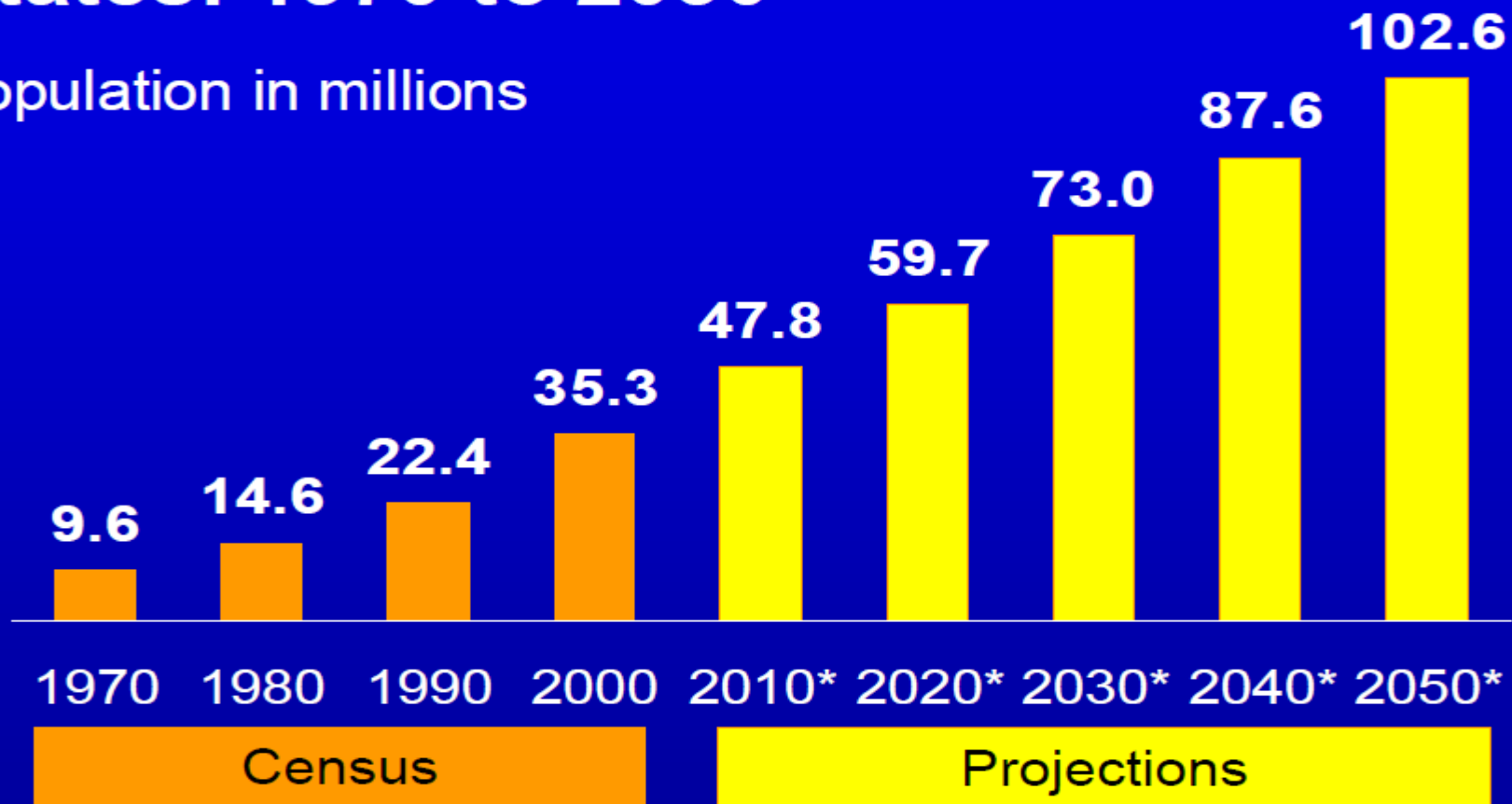
Percent of Population 2006 Hispanic or Latino



THE DEMOGRAPHIC DRIVER of U.S. TORTILLA SALES

Hispanic Population in the United States: 1970 to 2050

Population in millions



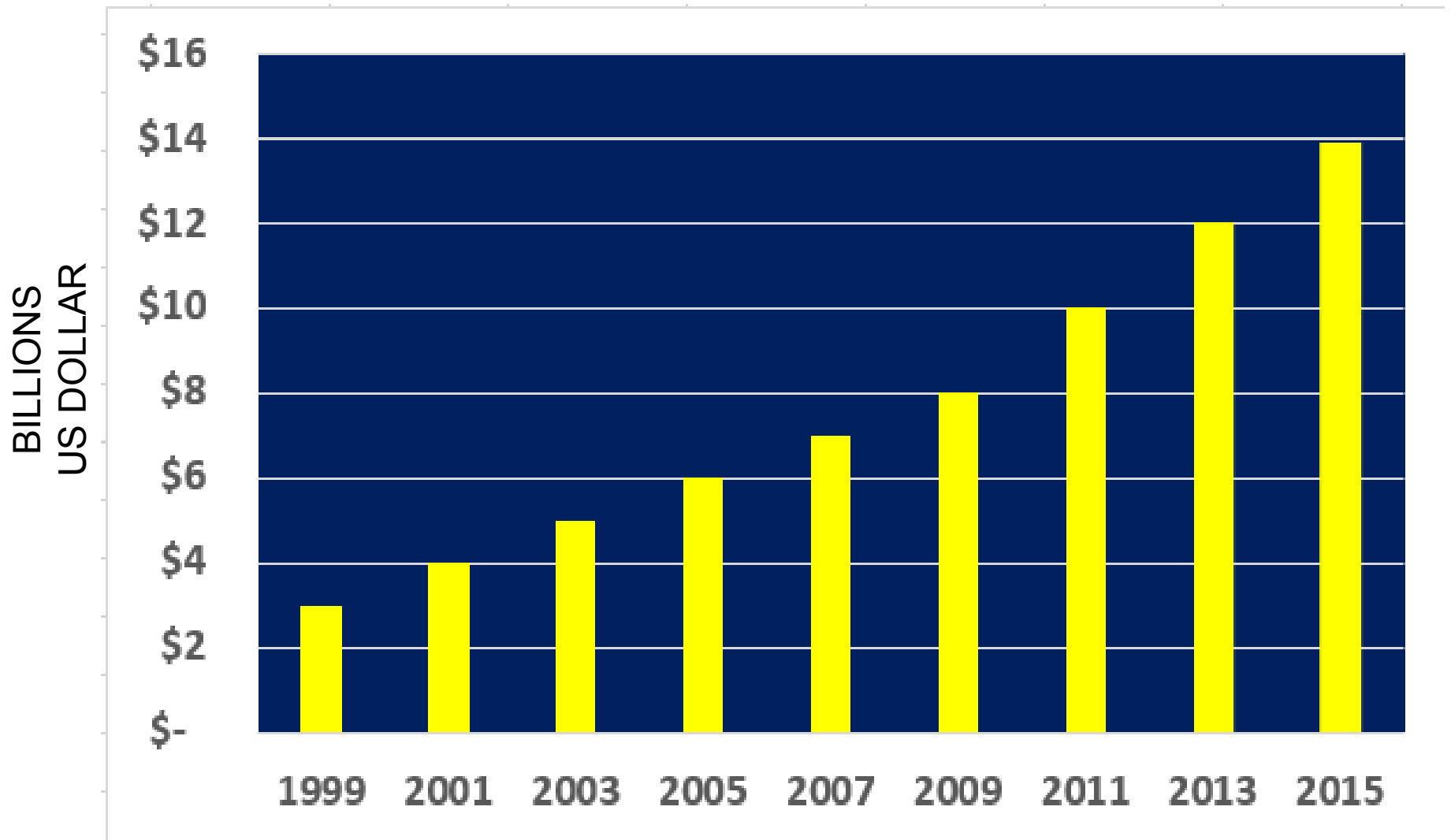
*Projected Population as of July 1

3

U S C E N S U S B U R E A U

Source: U.S. Census Bureau, 1970, 1980, 1990, and 2000 Decennial Censuses; Population Projections, July 1, 2010 to July 1, 2050

Tortilla Market Size USA



Market Size & Growth

- CAGR of 5-9% Since 1996
- Fueled By:
 - Demographics
 - Dietary Diversification among **All** Ethnic Groups
 - Economics
- US Sales in 2015 = \$13.8 Billion +
 - Salsa Outsold Ketchup in 2008
 - Tortillas Outsold White Sandwich Bread in 2010

Other Baked Goods

Bread category sales continue to slip

Category	Dollar sales (\$ mil)	Dollar sales, % change vs. year ago	Unit sales (mil)	Unit sales, % change vs. year ago
Fresh bread and rolls	13,084.40	(0.64)	5,811.82	(1.45)
All other fresh rolls/ bun/croissants	1,714.85	0.29	649.68	(1.65)
Bagels/bialys	822.08	(0.01)	274.73	0.23
Hamburger and hot dog buns	1,867.24	(0.31)	1,079.58	(1.45)
Fresh bread	8,680.21	(0.95)	3,807.81	(1.53)

IRI InfoScan Reviews

Total US - FDMx (food, drug, mass, excluding Wal-Mart)

52 weeks ending June 16, 2013

Non-Demographic Drivers:

- Tremendous Growth Among Non-Hispanic Buyers
- Healthier Eating Alternatives To Bread
- Greater Variety Available
- More Options
 - Kosher
 - Organic
 - Gluten Free
 - Etc
- Convenience

Society & The Food Market



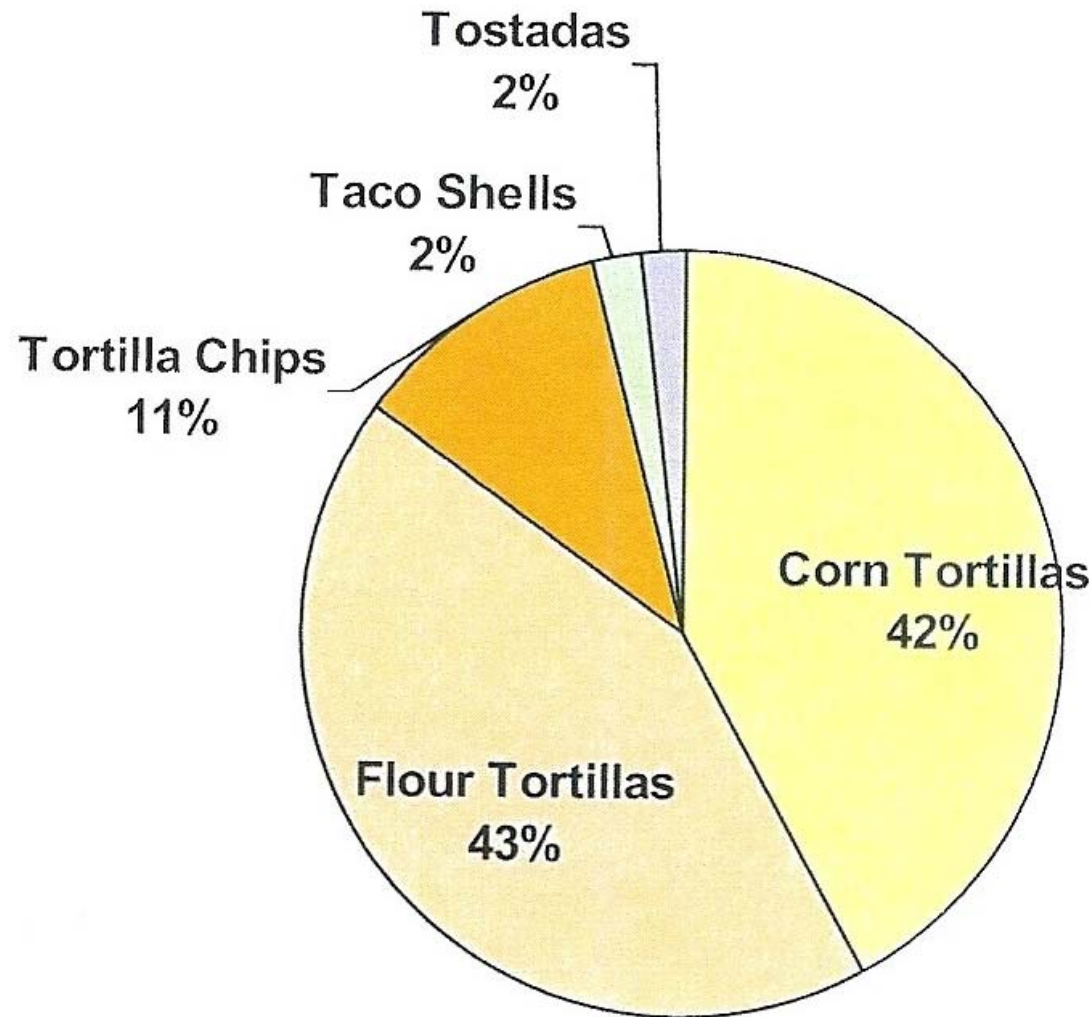
TRACKING METHODS

- US Dept Of Commerce Assigned NAICS Code 311830 to Tortilla Manufacturing
- Several Major Players Are Conglomerates Therefore Under Other Codes
- Majority Of Tortilla Sales Not Seen By IRI
 - Less Than One Third Of Tortillas Are Sold Through Chain Retailers
 - Conversely, Relatively Large Portion Of Tortillas Are Part Of Other Product (Burritos, Wraps, Frozen Entrees) So Not Even Recorded As Tortilla Sales
- Traditional Preference For Fresh-Onsite Tortillas Makes Tortillas Manufactured In Restaurants and Small Store-fronts Untrackable
- TIA Uses Broad Combination of Market Data AND Member Data With Trend Analysis

2015 In US Dollars – By Type

By Product Type			
	Tostadas	2%	\$ 277,830,000
	Taco Shells	2%	\$ 280,404,000
	Tortilla Chips	11%	\$ 1,530,065,000
	Flour Tortillas	43%	\$ 5,973,345,000
	Corn Tortillas	42%	\$ 5,834.340,000
		100%	

2015 Product Types & Share

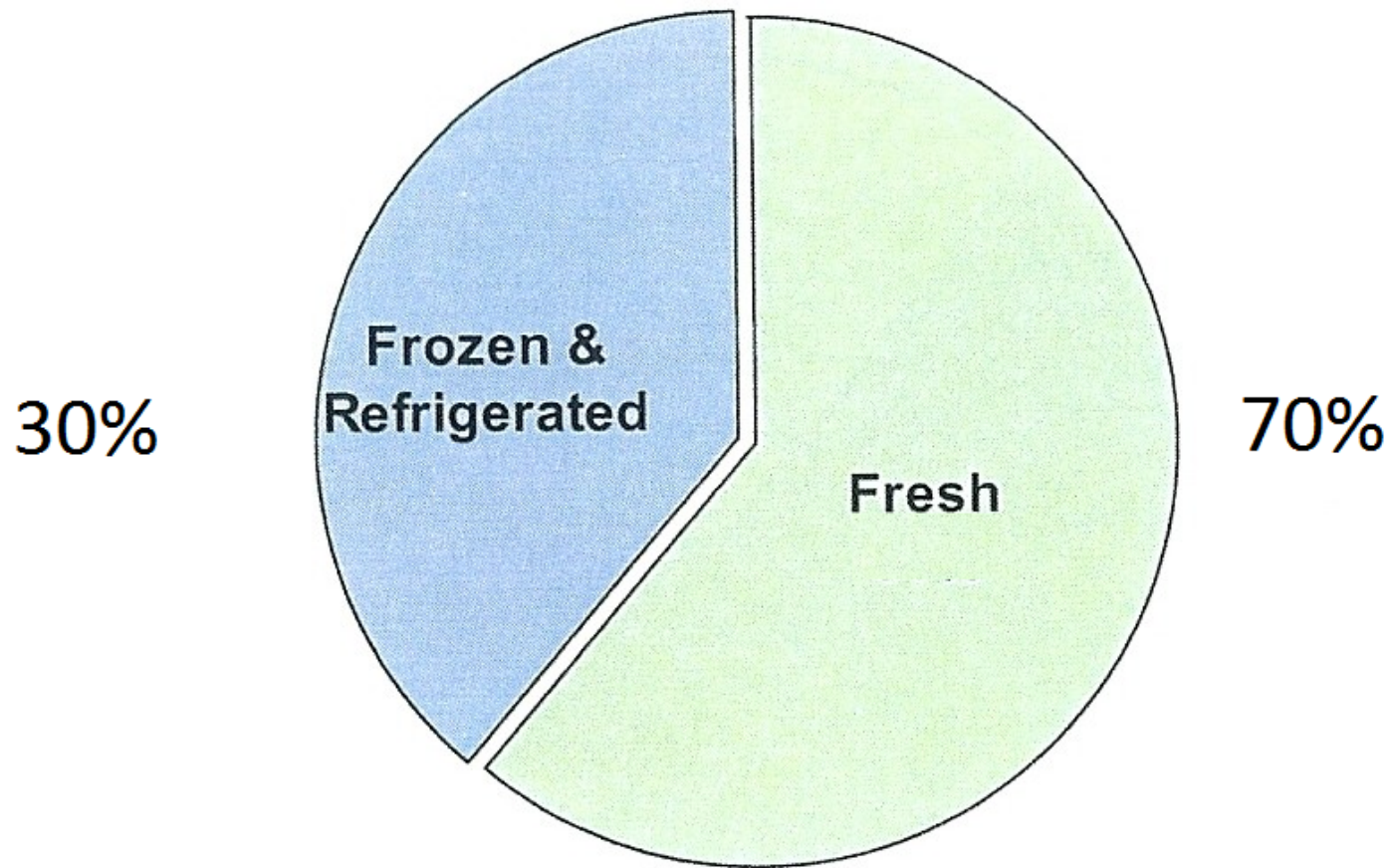


2015 Fresh Vs Frozen – Dollars

Fresh	70%	\$ 9,724,000,000
Frozen / Refrigerated	30%	\$ 4,167,000,000
	100%	

Fresh Vs. Frozen / Refrigerated

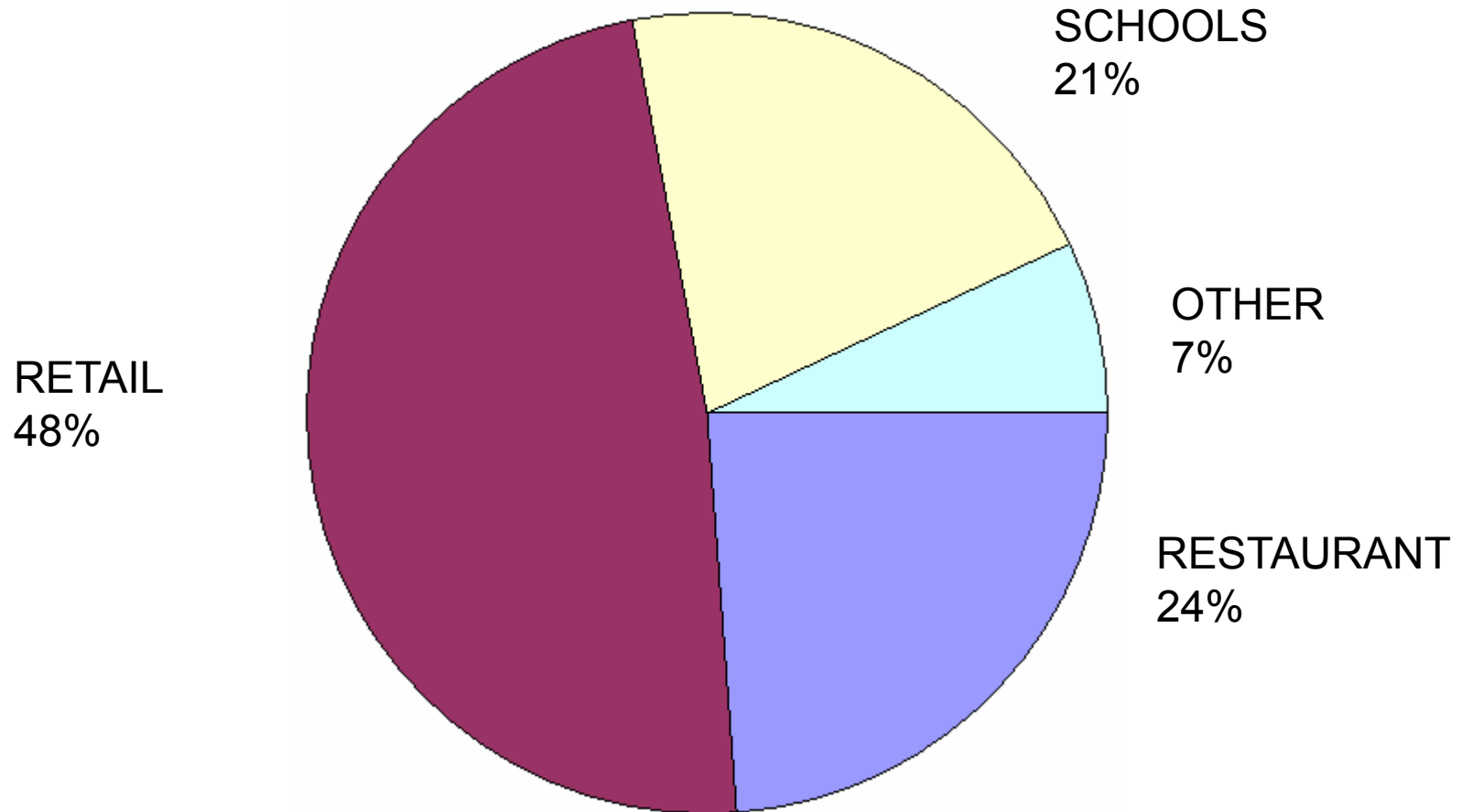
2015



2015 By Purchaser - In Dollars

Retail	48%	\$ 6,667,000,000
Restaurant	24%	\$ 3,334,000,000
Schools & Govt Institutions	21%	\$ 2,917,000,000
Other	7%	\$ 972,400,000
	100%	

2015 Sales By Purchaser

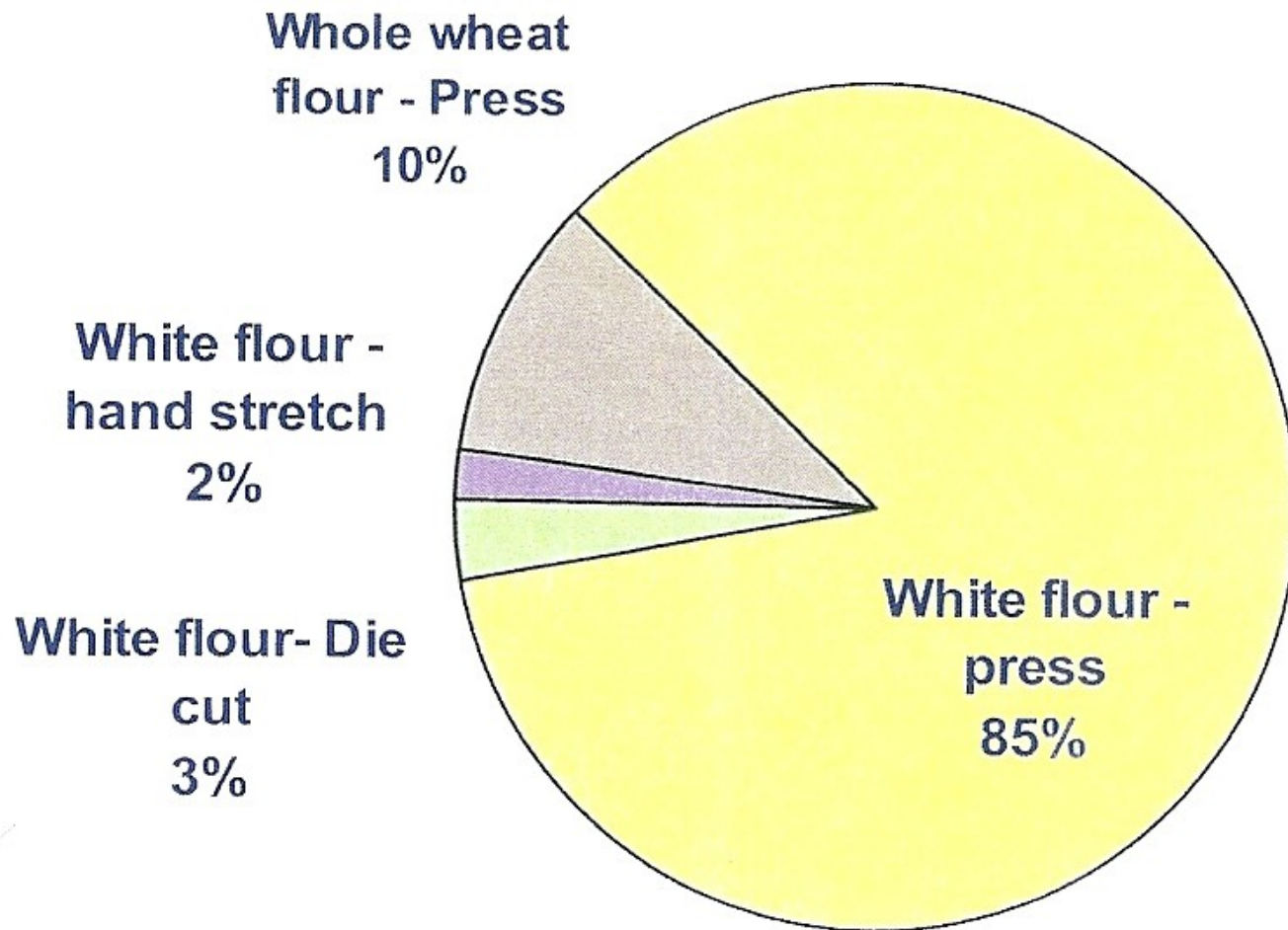


Includes IRI Data

2015 Flour Tortillas – In Dollars

White flour - Press	85%	\$ 11,807,775,000
White flour - Hand Stretch	2%	\$ 277,830,000
White flour - Die Cut	3%	\$ 416,745,000
Whole Wheat - Press	10%	\$ 1,389,150,000
	100%	

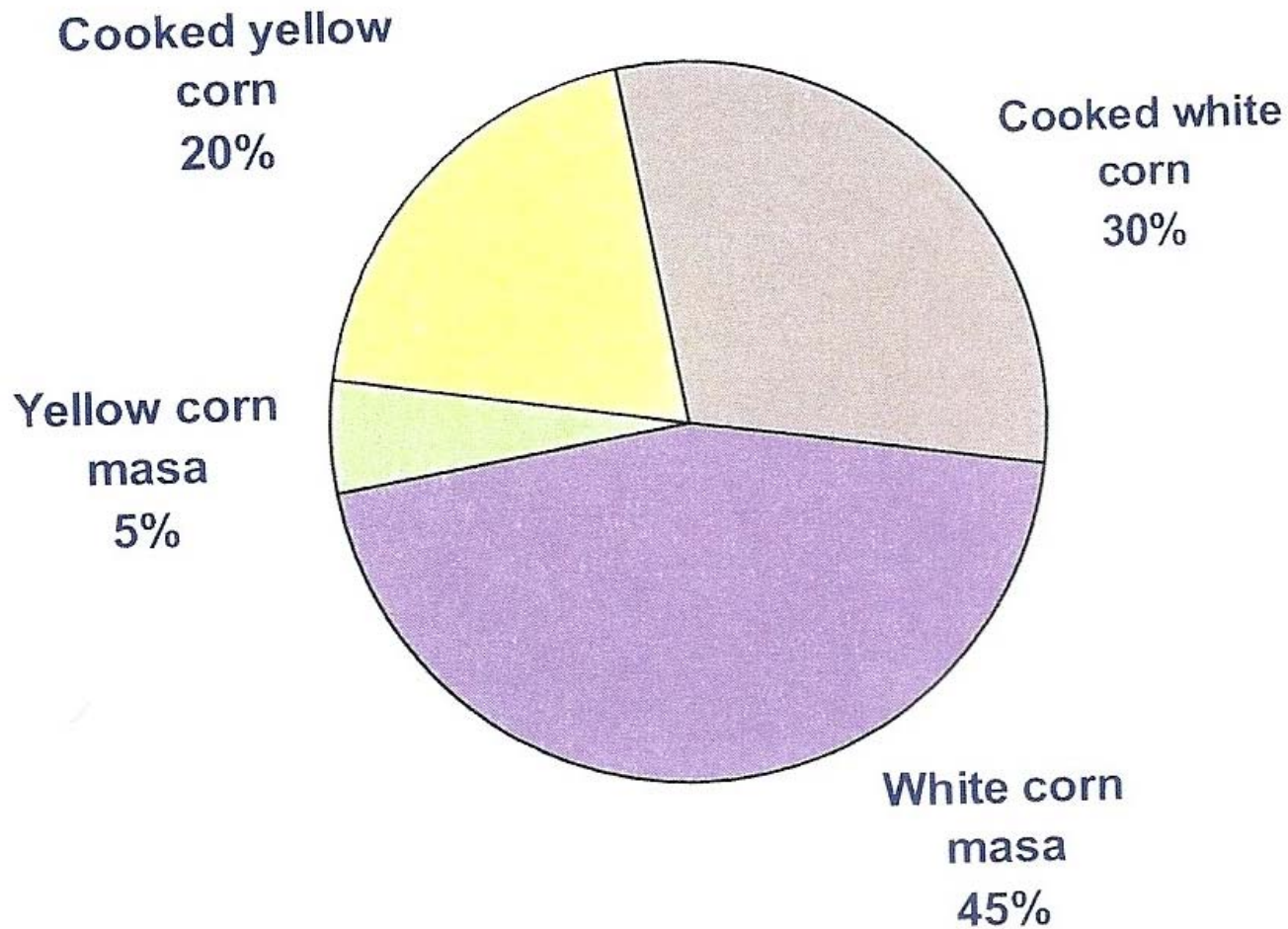
2015 Flour Tortillas



2015 Corn Tortillas – In Dollars

Masa - White Corn	45%	\$ 6,251,175,000
Masa - Yellow Corn	5%	\$ 694,575,000
Cooked - White Corn	30%	\$ 4,167,450,000
Cooked - Yellow Corn	20%	\$ 2,778,300,000
	100%	

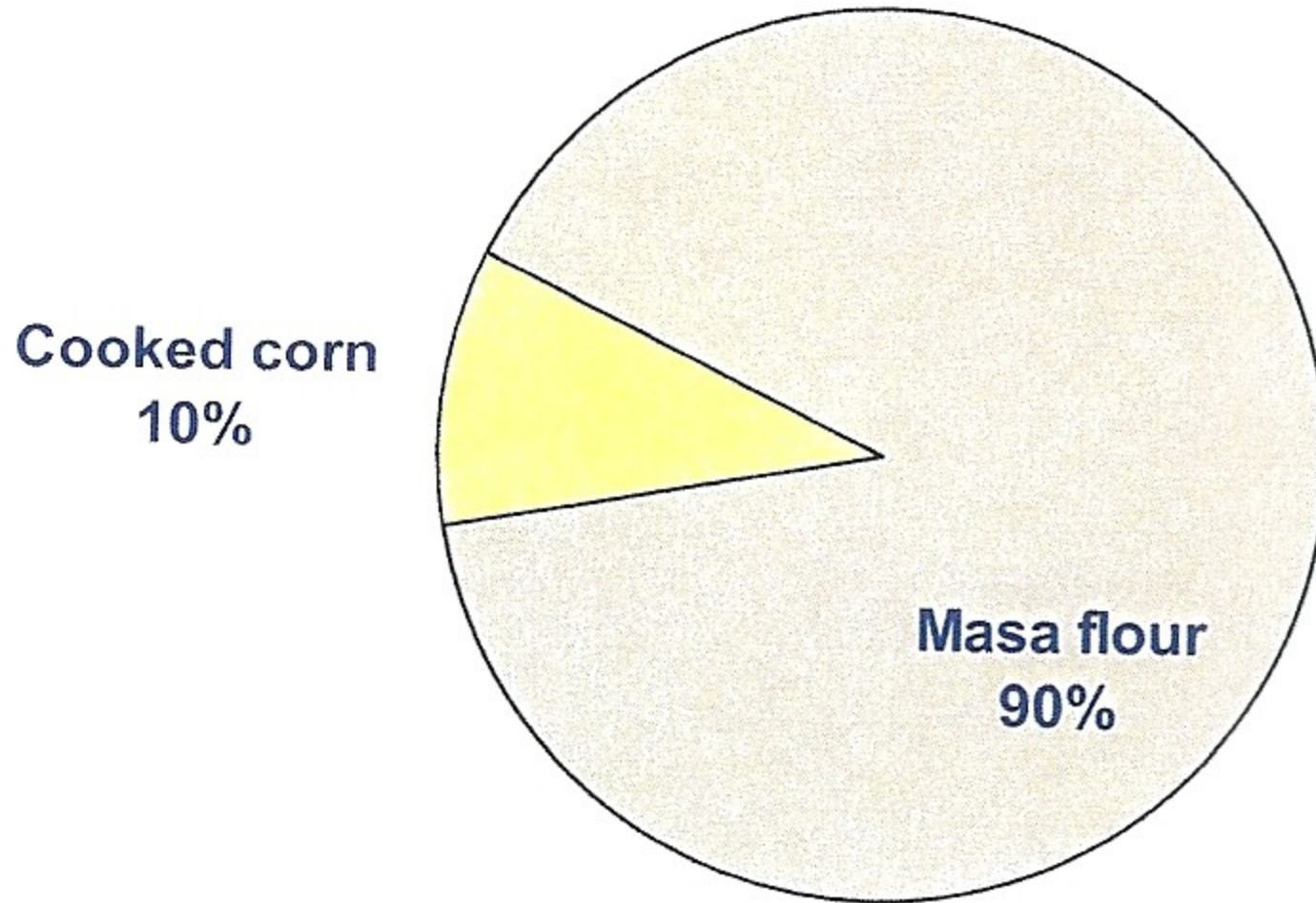
2015 Corn Tortillas



2015 Tortilla Chips – In Dollars

Masa Flour	90%	\$ 12,502,350,000
Cooked Corn	10%	\$ 1,389,150,000
	100%	

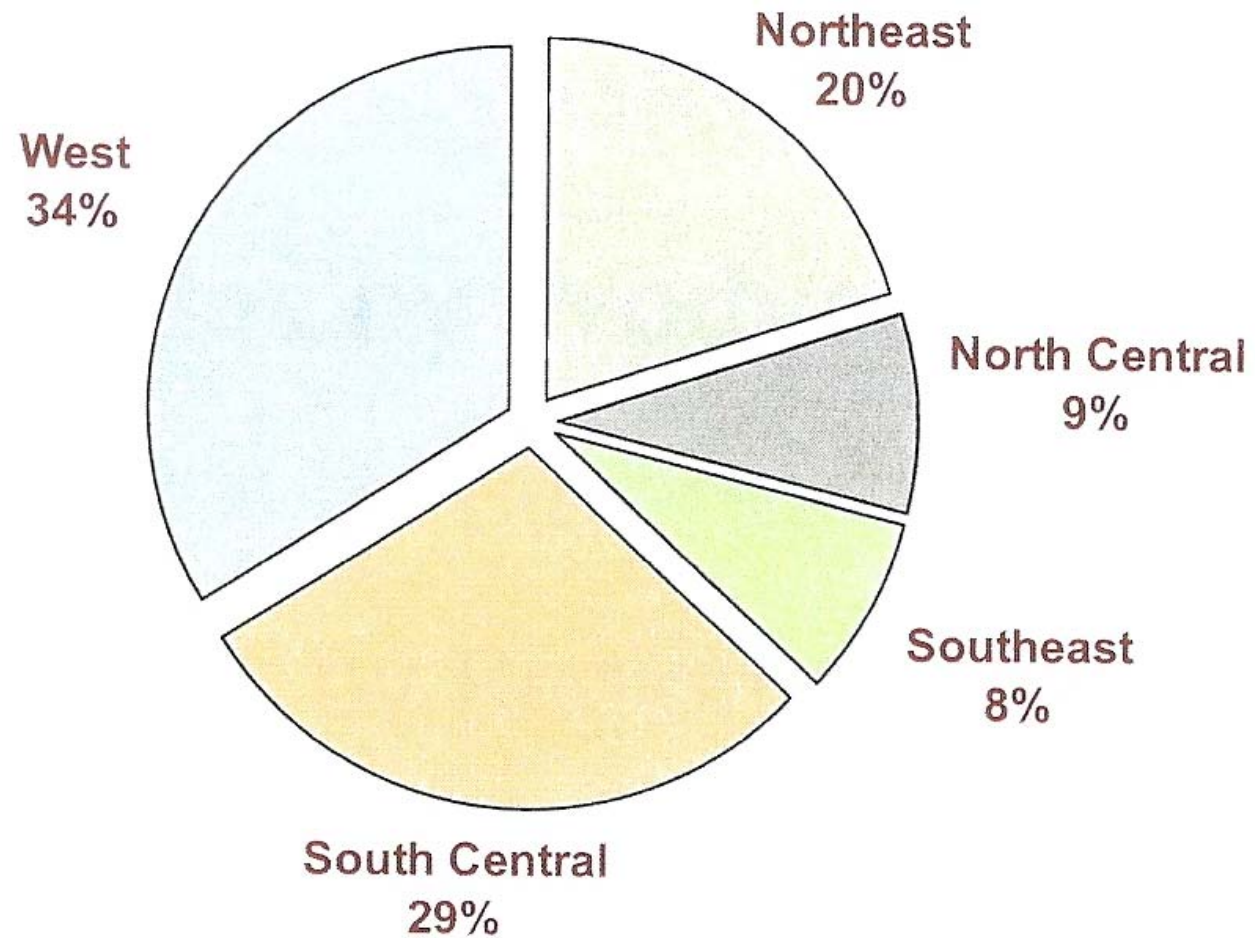
2015 Tortilla Chips



2015 US Region – In Dollars

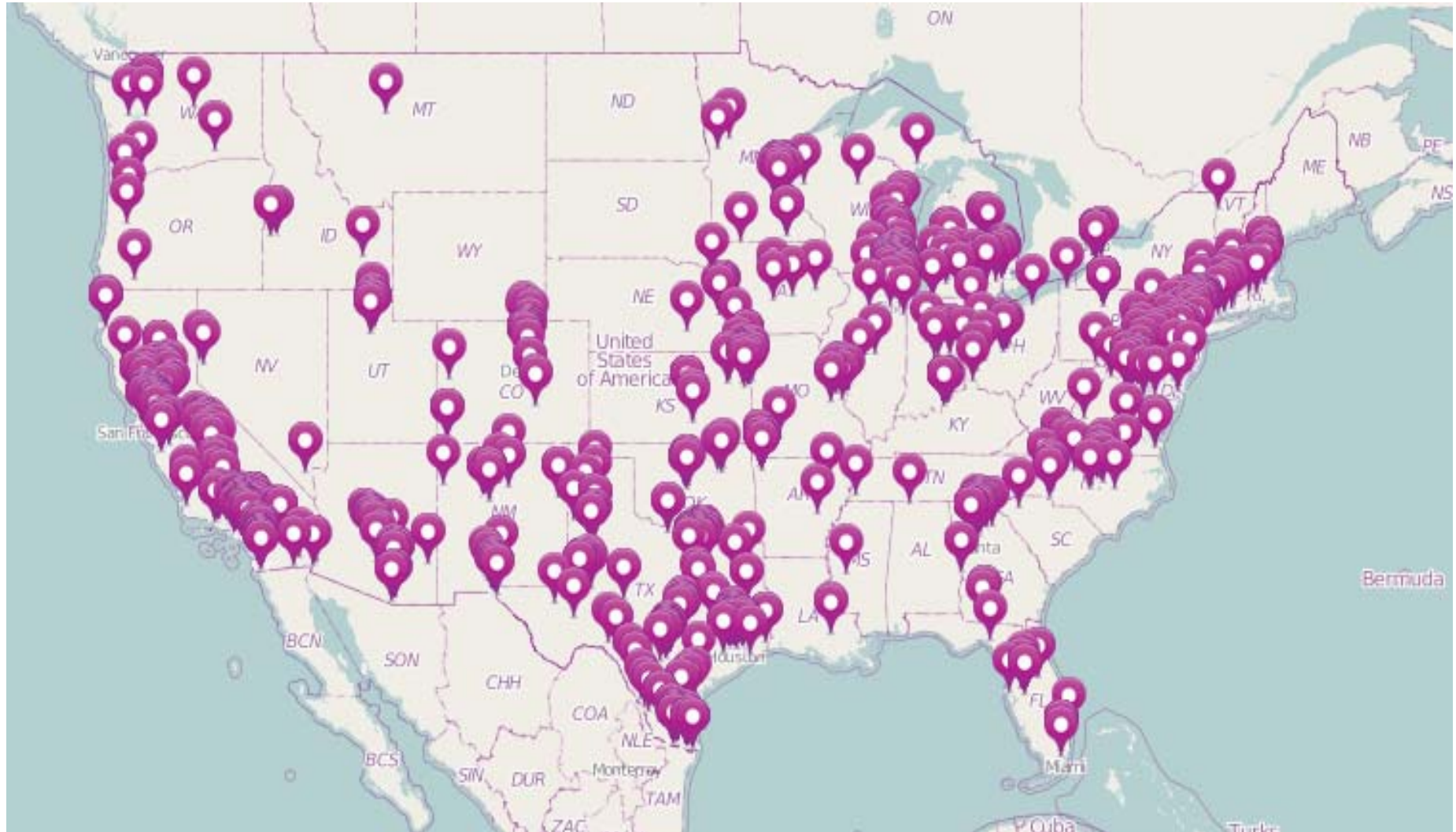
West	34%	\$ 4,723,110,000
South Central	29%	\$ 4,028,535,000
NorthEast	20%	\$ 2,778,300,000
North Central	9%	\$ 1,250,335,000
South East	8%	\$ 1,111,320,000
	100%	

2015 By US Region



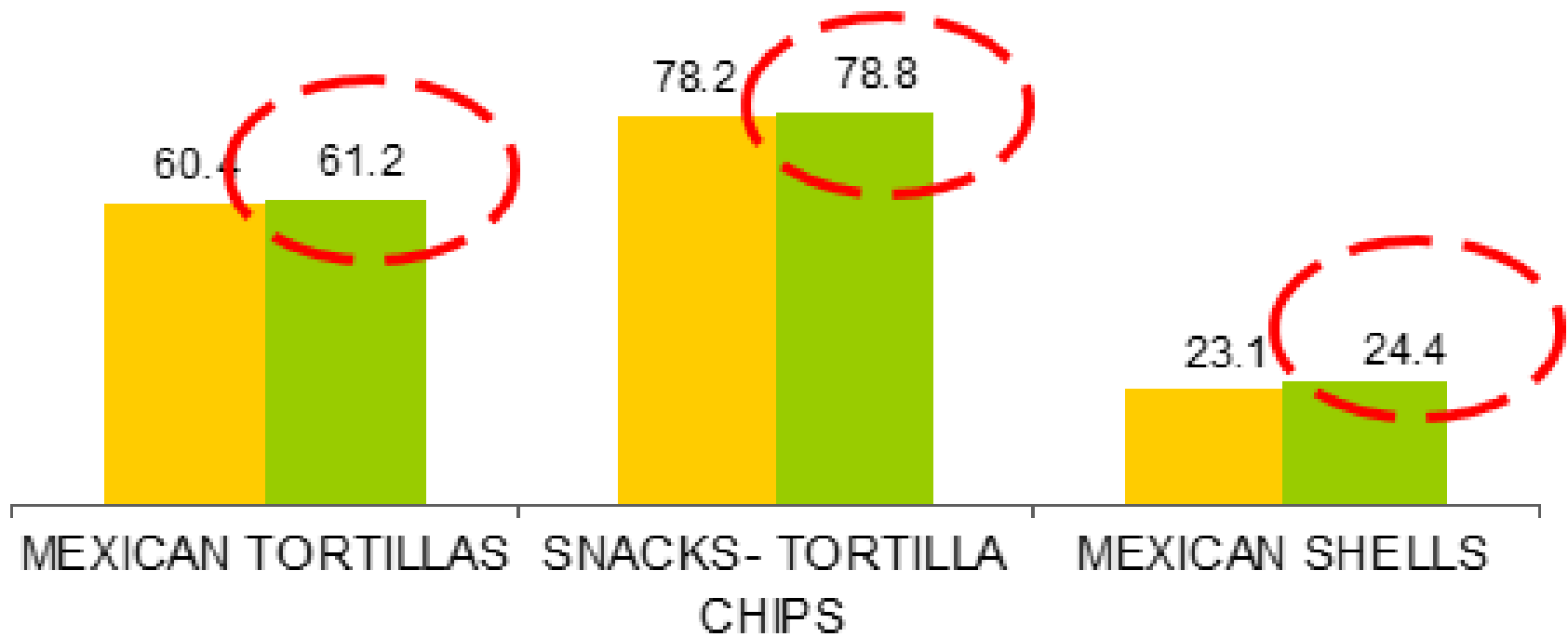


Continental U.S. Tortilla Plants



% Household Penetration

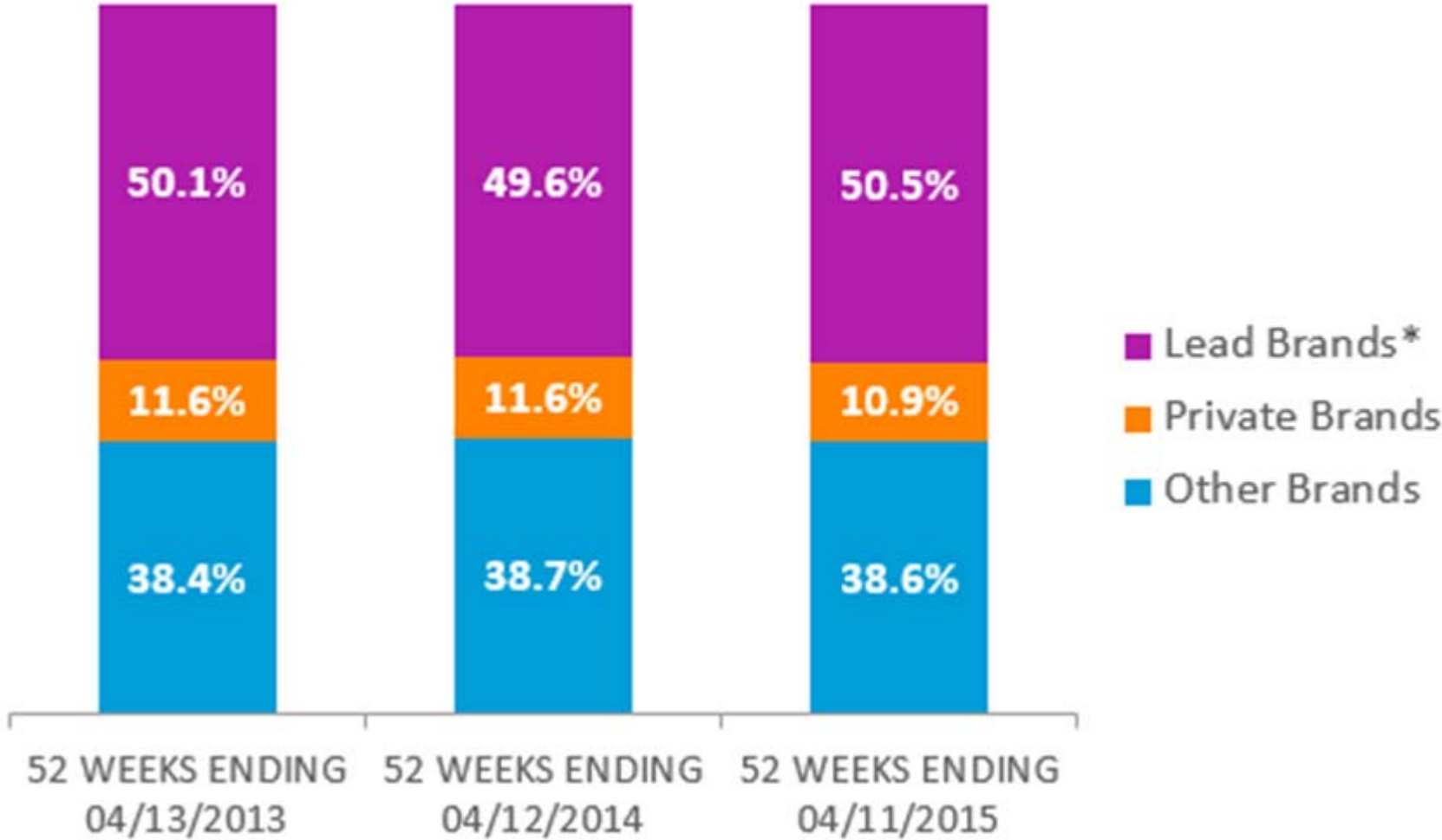
■ 52 W.E. 03/29/14 ■ 52 W.E. 03/28/15



SOURCE: AC Nielsen

LEAD BRANDS SHARE

Unit Share

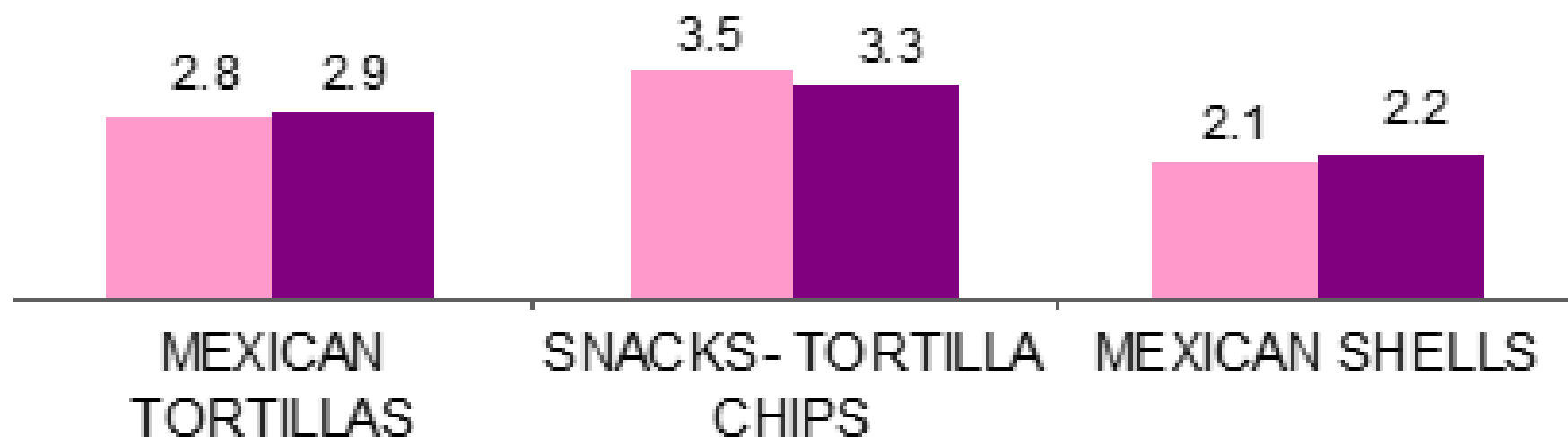


SOURCE: AC Nielsen

\$ spent per Trip

■ 52 W.E. 03/29/14

■ 52 W.E. 03/28/15



SOURCE: AC Nielsen

TIA's Role In This Market

- Expanding Your Business
 - Increased Exposure Between You & Market
- Growing Your Profits
 - Increased Knowledge Of Best Practices
- Increasing Your Success
 - Supporting, Informing & Advocating Our Members

TIA Events



- TIA Convention = Primary Marketplace Of Industry
- Trade Show + Education Sessions
- Next: May 1st – 2nd 2017 at the Paris, LV
- Great Exposure, Networking and Business Opportunities
- Great Entertainment
- Register Now!

TIA's Advocacy Initiatives



- Legislative Fly-In Day
- Arrange Meetings for TIA Members with Senators & Congressmen / Sr Staff
- Got Tortillas Added to WIC Program (8 M More Consumers a Month)
- “Food Before Fuel” is Countering Ethanol Subsidy
- They Know That 500,000 New Latino Voters Are Added Yearly

Member Communications

WWW.TORTILLA-INFO.COM

TIA News



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2011 Technical Seminar

Coming Soon: **MAY 22nd – 23rd**
"REGISTER NOW!"

Upgraded Location in Anaheim CA, With Sessions Plus Field trips to 3 Facilities



After shifting our Technical Conference last fall to co-locate with the triennial International Baking Industry Exposition 2010 in Las Vegas, NV, TIA is returning this event to its usual spring date. This year it will come to Southern California, at Disney's beautiful Grand Californian hotel, day of factory tours and training sessions.



The first session runs from 9:15 to 11:15 a.m. and will be presented by Casa Herrera, Pomona, CA. Next, the group will visit a factory hosted by Lawrence Equipment from Noon to 2pm, where they will also be served lunch. The third tour with demos and training sessions of the afternoon runs from 2:45 to 4:45 and will be hosted by J.C. Ford Co., La Habra, CA where beer, snacks and refreshments will be offered.



TIA always gives attendees ample opportunities to meet and talk with others in the industry. "We want our members to have time to learn from each other's experiences through networking," said Jim Kabbani, TIA's Executive Director. "We also provide an opportunity to learn first-hand the best practices by going on field trips to several facilities."

Then on Tuesday, May 24, conference attendees will board buses beginning at 8a.m. for a full

Disney's Grand Californian Hotel

TIA's Technical Conference focuses on the critical operational issues associated with tortilla and flatbread production and kicks off on Mon May 22nd with a full day of education sessions.

Topics to be presented that day include safe handling of ingredients, preparing for a third-party audits, commodity and ingredient pricing and cost trends, latest formulation, and improving supervisory skills. A working lunch will feature an "ask the experts" open panel, and at the conclusion of the educational sessions, a cocktail reception, featuring tabletop displays from suppliers to the industry, will be held from 5 to 7 p.m.

2011 Spring

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- Electronic Newsletter
 - Every Wednesday
- “Ask The Experts” (Members Only, Except Today At Lunch – Fill Out Your Form!)

TIA Website

TORTILLA INDUSTRY ASSOCIATION

Logo: TORTILLA TIA INDUSTRY ASSOCIATION

Navigation: About Us | TIA Membership | Resources | TIA Media Room | TIA Company Directory

Additional: Seminars & Conferences

Language: Español | Members Only | Contact TIA

ROVEY SEED CO.
QUALITY, CONSISTENCY, AND PEACE OF MIND

Links

*** WINNERS SELECTED ***
See Tech Seminar Program

Search For Better Tortilla Tech

\$1,000 Prize + Speaking Slot

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* NOTE *

TIA's NEW ADDRESS & PHONE NUMBERS

1600 Wilson Blvd, Suite 650
Arlington, VA 22209

Join

HOW to become a Member of TIA? [Click here](#)

WHO are TIA's Members? [Click here](#)

Member Benefits info [Click here](#)

"GET LISTED & BE FOUND"
TIA Buyer's Guide & Membership Directory
2014 Edition

Directory Advertising Info [Click Here](#)

Events

2013 TIA Tech Seminar
OCTOBER 5th-6th

TECHNICAL CONFERENCE

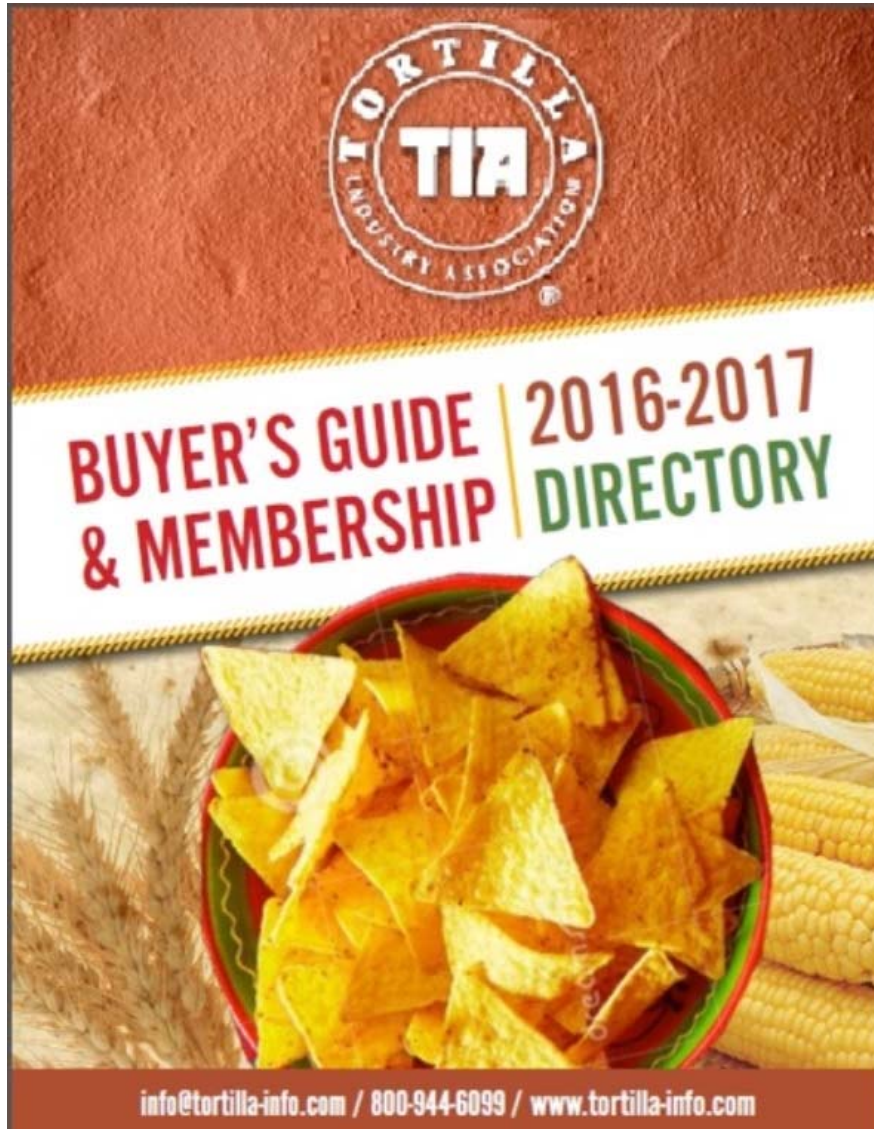
Co-Located with IBIE, Las Vegas Convention Ctr

IBIE
REGISTRATION NOW OPEN!

MAY 2013 OCTOBER

www.tortilla-info.com

Increasing Business Opportunities



- Buyer's Guide & Membership Directory
- Business Opportunity Notification E-Mails
- Promoting Our Industry Through No-Cost Mass Media Exposure Opportunities

Increasing Education Opportunities For Our Children

- TIA Scholarship Program
- \$1,000 per Student to Help Your Family
- 3-4 Winners a Year
- 25 Winners So Far
- Children of “Members Only” Employees Can Qualify

TIA Scholarships 2016

4 Winners - \$1,000 Each



Tanner Langham
Dad: Mike Langham
Tyson Foods



Viviana Torres
Mom: Liliana Cervantes
La Tortilla Factory



Cori Bianchini
Dad: Mark Bianchini
Don Pancho's

Jorin Fredman
Dad: Tim Fredman
Fredman Bag



Honoring Achievement

- Hall of Fame Nominees:
 - Robert Berber (Mi Rancho)
 - Manuel Gonzales (Manuel's Odessa)
 - Rafael & Octaviana Vasquez (La Mejor)



Increased Savings

- Business Insurance
 - Savings of \$10,000 to \$125,000 Straight To Bottom Line!
 - At 10% Margin, \$1 Savings = \$10 In Sales
- Shipping & Freight
- Vehicle & Truck Rental
- Office Supplies
- Computers & Laptops
- NEW Programs:
 - Surprise Announcement at TIA Convention!

Join TIA Today!

- Dues Are Tax Deductible
 - Which 3 Letters Would You Rather Write On Check “IRS” or “TIA” ?
- Support The Industry That Feeds You
- Be Supported By YOUR Association
- Help Guide TIA As A Board Member or Committee Member
- Make Valuable New Business Connections
- Have Fun!

Thank You

Jim Kabbani

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**See You At The
TIA Convention!
May 1st-2nd**