The Future Tortilla Market:

Organic, Ancient Grains, Transitional

minsa

BUNGE

THE EVOLUTION OF VALUE CREATION FROM CONSUMER TO GRAINS

Macro Exposures
- Social Media
- Social Networks
- Technology
- Politics
- Entertainment
- Nutrition / Medicine

Consumer Values
- Lifestyle
- Social
- Demographic
- Family

Consumer Trends
- Fresh
- Health/Wellness
- Sustainability
- Culinary/Flavor
- Snacking
- Premium
- Omnichannel & Digital

Customer Responses
- On-Trend Portfolio
- M&A Smaller Companies
- Omnichannel Presence
- Digital Marketing & e-commerce

Category Value


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

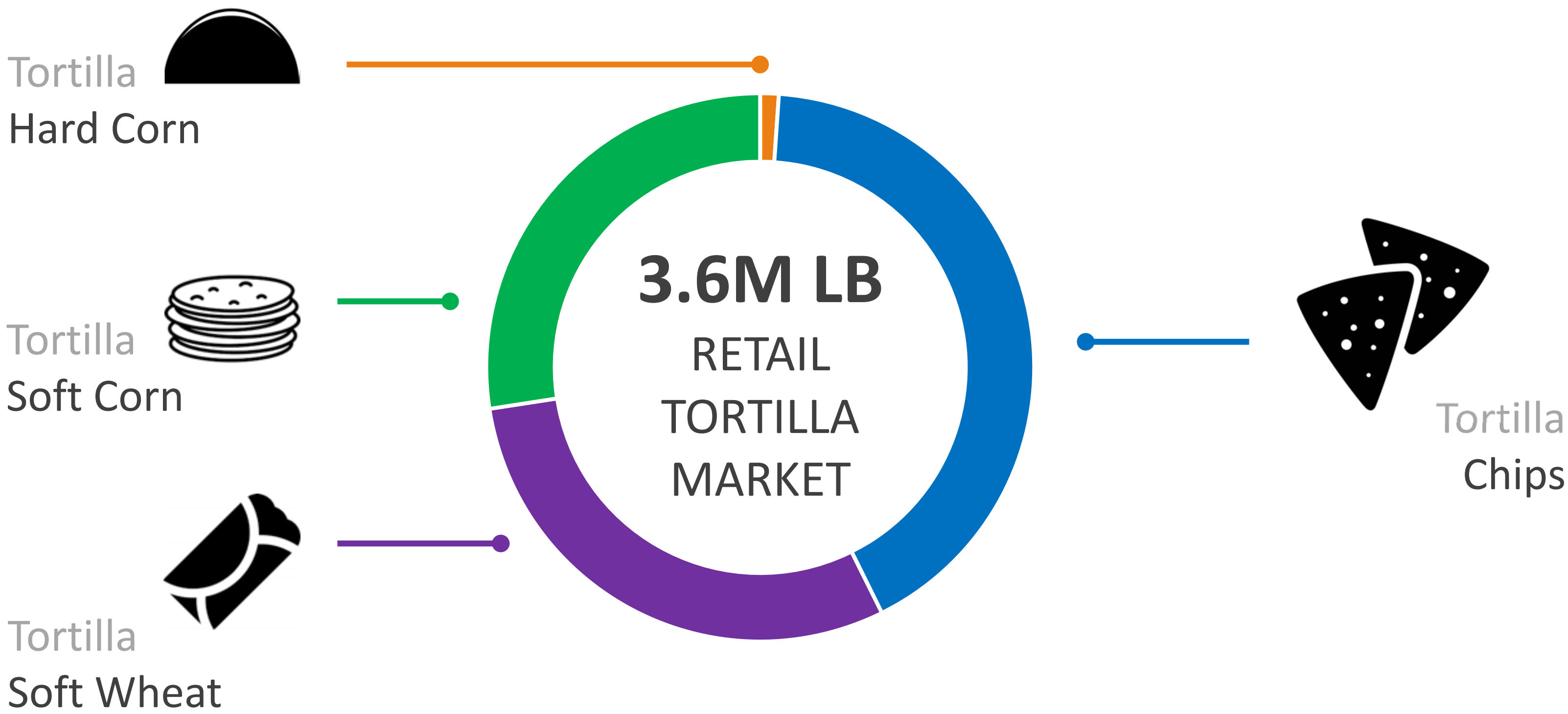
Premium means less legacy brand engagement, clean panel is critical, and one or more contemporary cues of high quality production or sourcing… smaller trendy brands beating legacy brands.

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

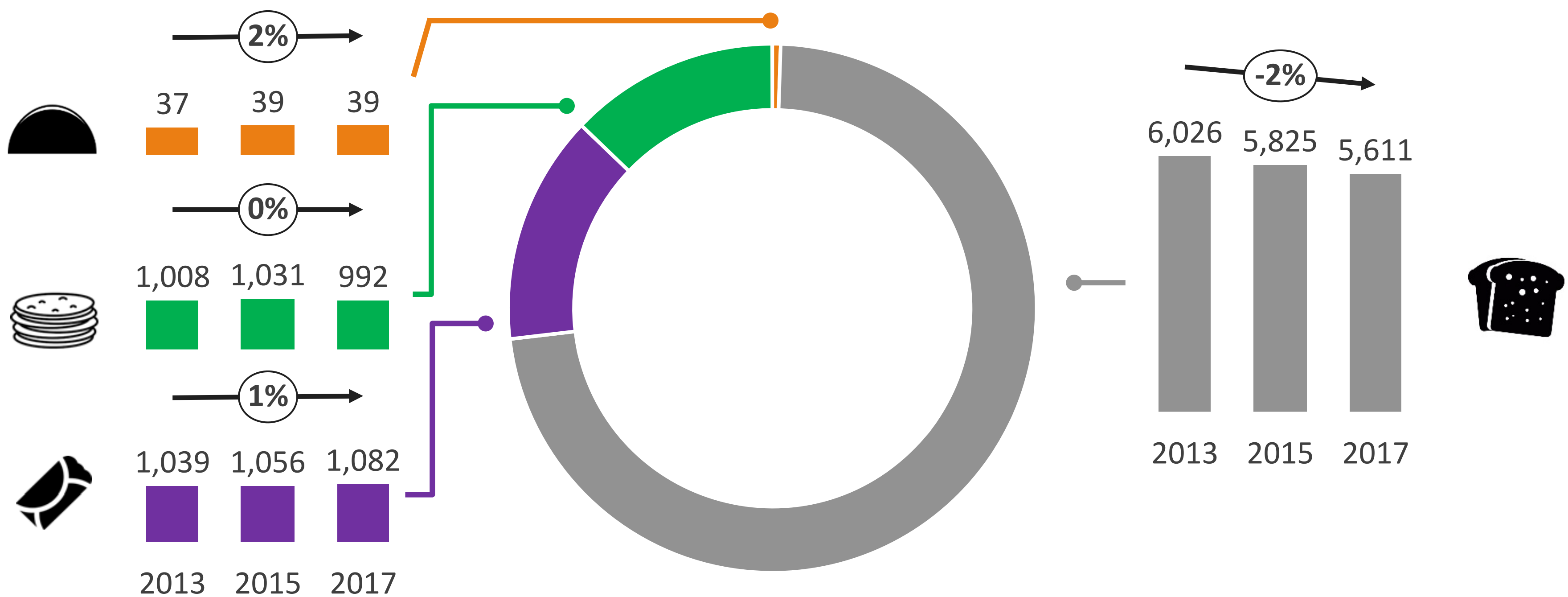
Tortilla Chips vs Other Snacks

Corn Shell	Corn Soft	Wheat Soft	Bread	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)



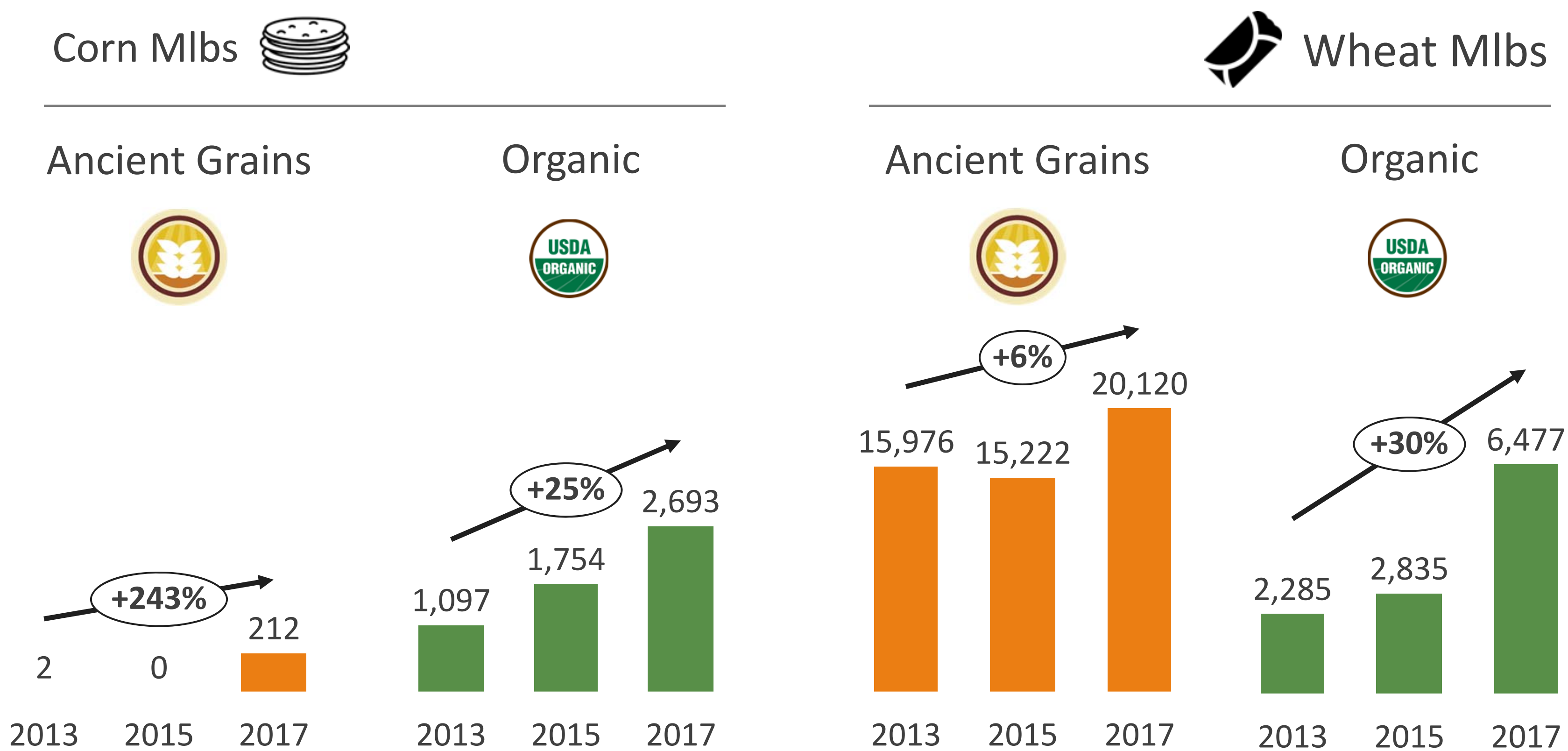
Soft corn tortillas: organic, cleaner label are key on-trend drivers

On-Trend Growth Drivers	Traditional Growth Drivers
1. Organic (+2M lb)	1. Gluten Free (+15M lb)
2. Cleaner Label (+1M lb)	2. Less Sodium (+14M lb)
3. Non-GMO (0.4M lb)	3. Whole Grain (+2M lb)
4. Ancient Grains (0.2M lb)	

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

On-Trend Growth Drivers	Traditional Growth Drivers
1. Cleaner Label (+6M lb)	1. Gluten Free (+4M lb)
2. Organic (+4M lb)	2. Less Sodium (+0.5M lb)
3. Ancient Grains (+4M lb)	
4. Non-GMO (+2M lb)	

Soft tortilla market: organic and ancient grains show steady growth

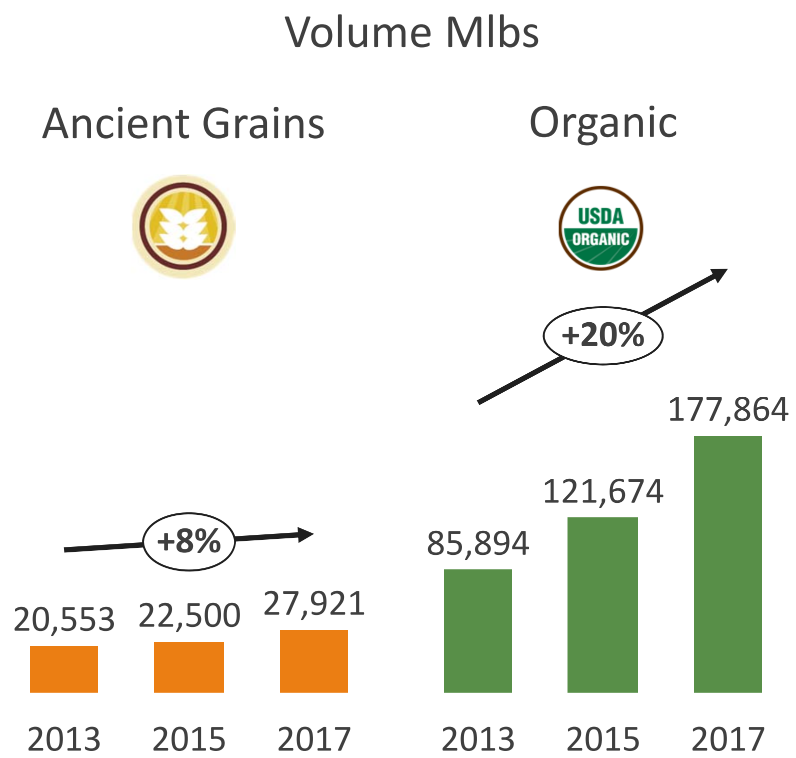


Source: Nielsen

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

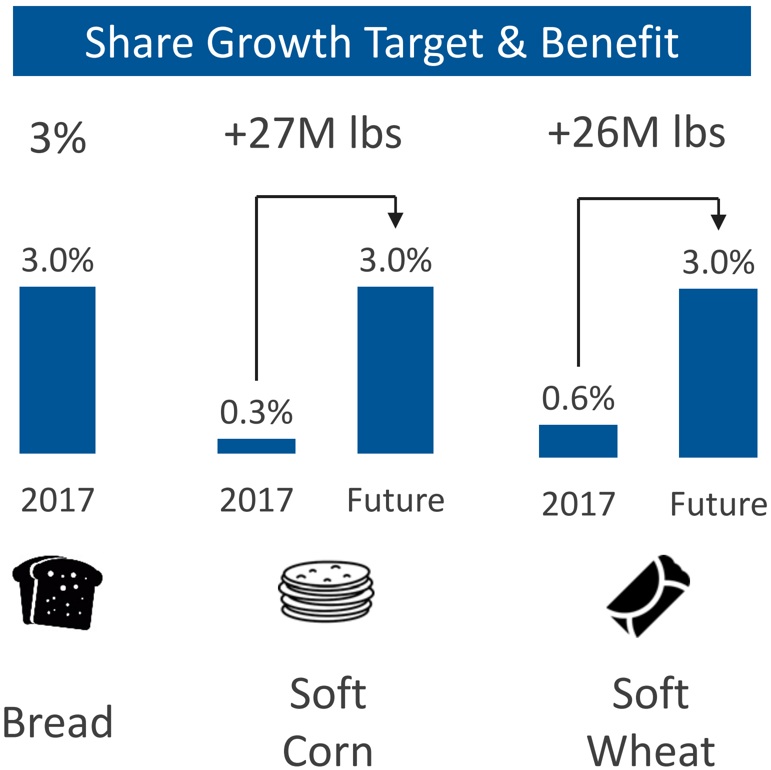
On-Trend Growth Drivers

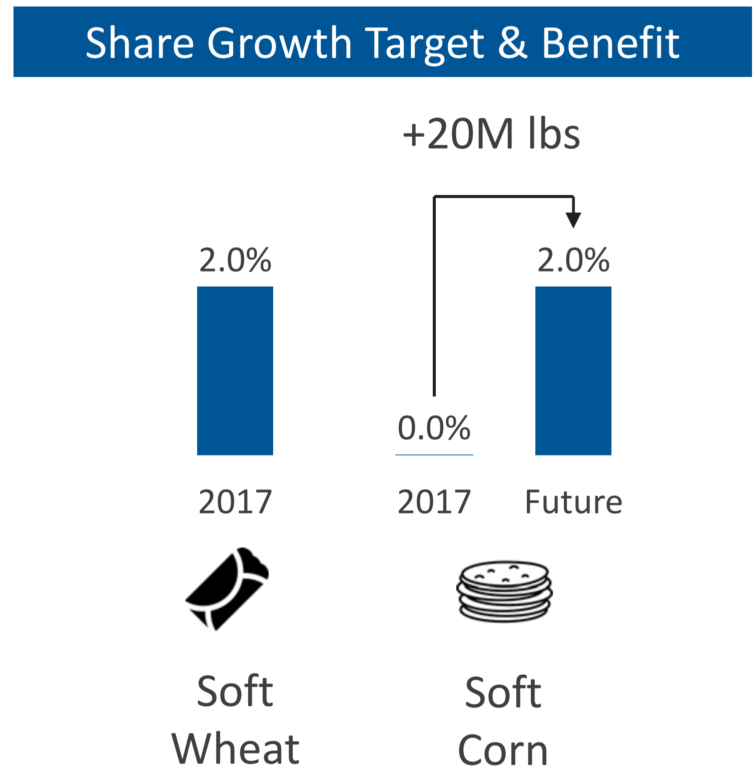
1. Cleaner Label (+243M lb)
2. Organic (+92M lb)
3. Non-GMO (+23M lb)
4. Ancient Grains (+7M lb)



Source: Nielsen

Tortillas show good growth potential with organic and ancient grains





Source: Nielsen

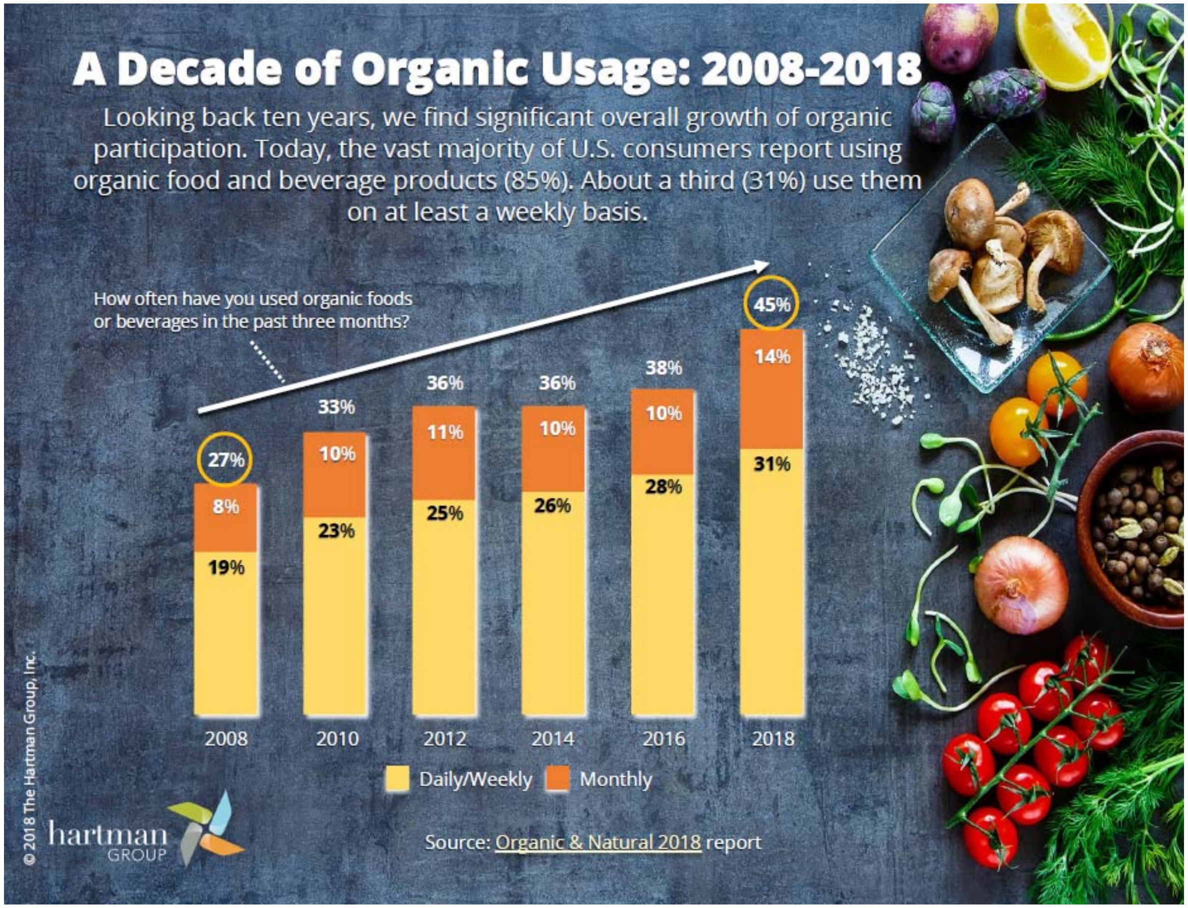
Soft corn & wheat tortillas: organic & ancient grain price premium

$5.20
Organic

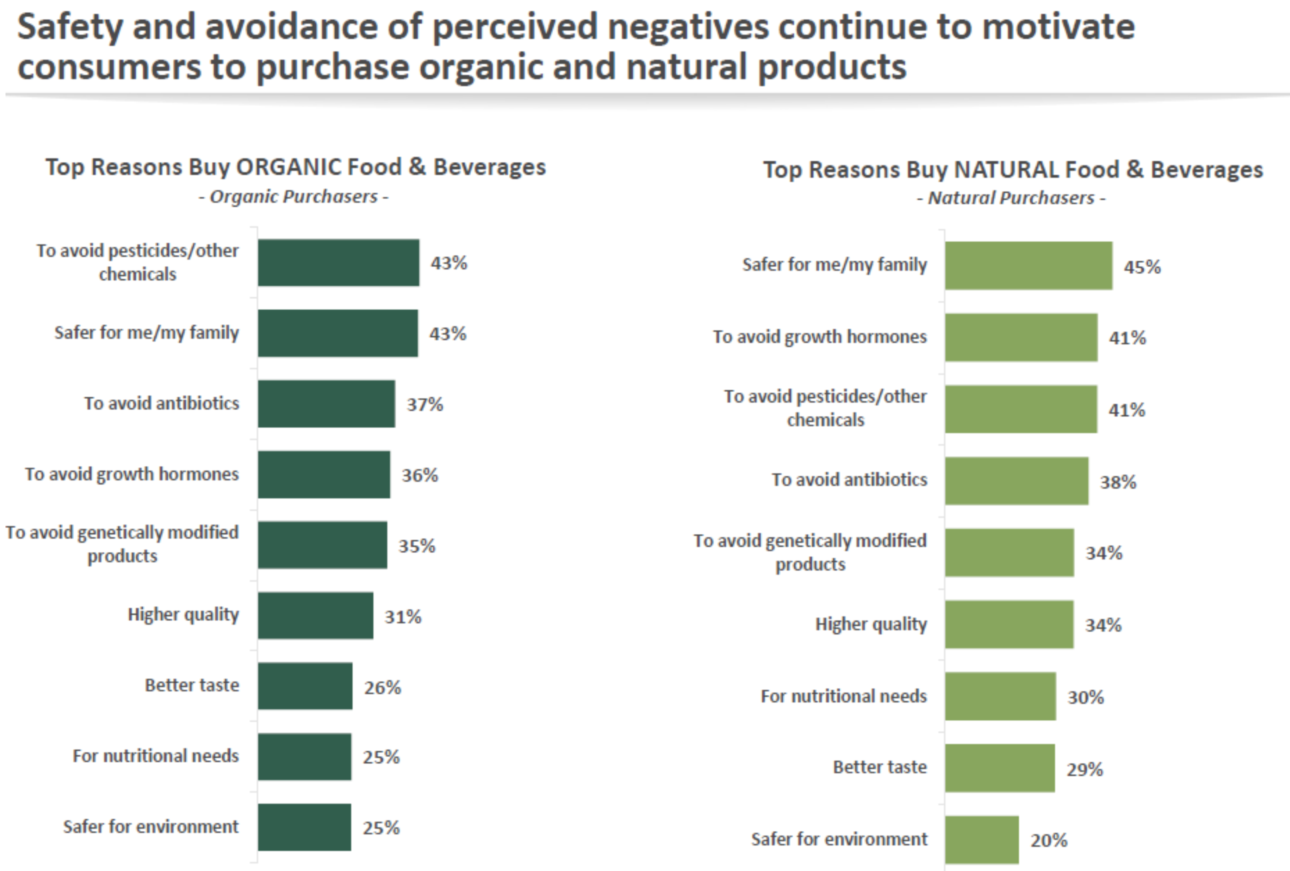
$4.50
Ancient Grains

$1.65
Conventional

Source: Nielsen



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



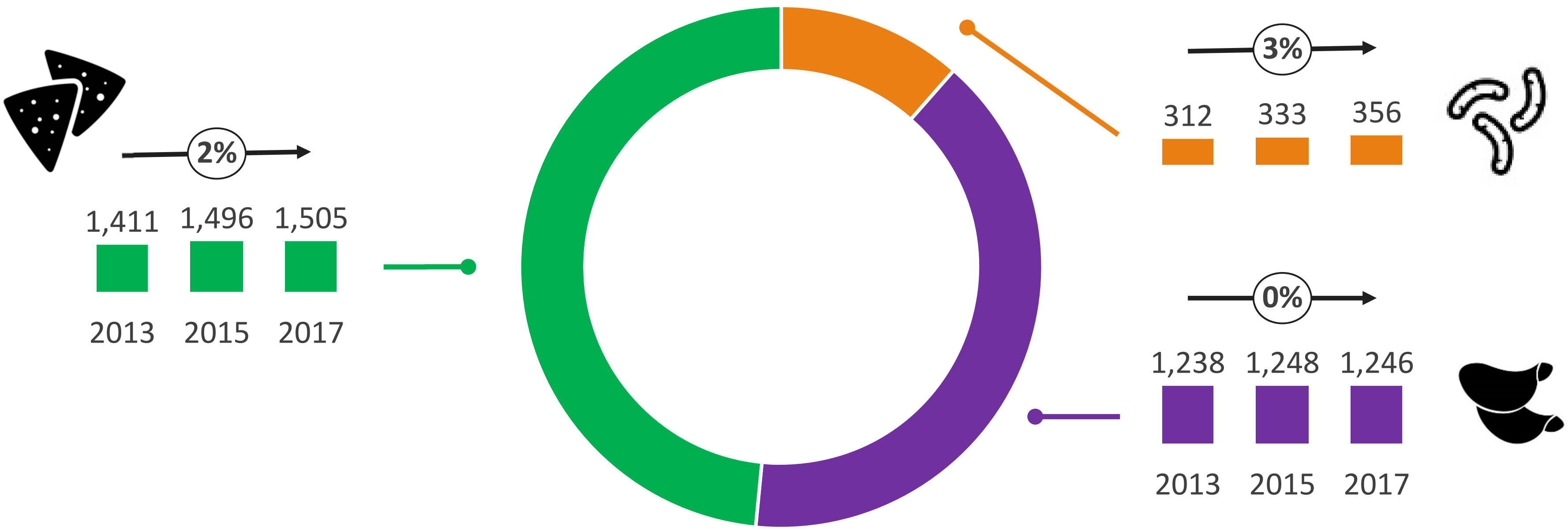
Top drivers and key reasons why consumers choose organic food and natural products

Source: Nielsen

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

Tortilla Chips
(+2% 5Yr CAGR)

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



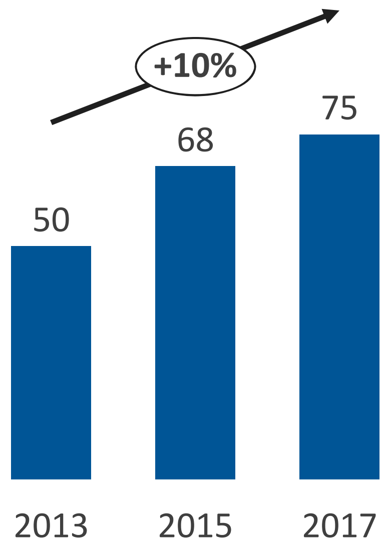
U.S. retail tortilla chip growth drivers: clean label and organic are key

On-Trend Growth Drivers	Traditional Growth Drivers
1. Cleaner Label (+105M lb)	1. Gluten Free (+117M lb)
2. Bold Flavor (+83M lb)	2. Less Sodium (+39M lb)
3. Organic (+24M lb)	

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

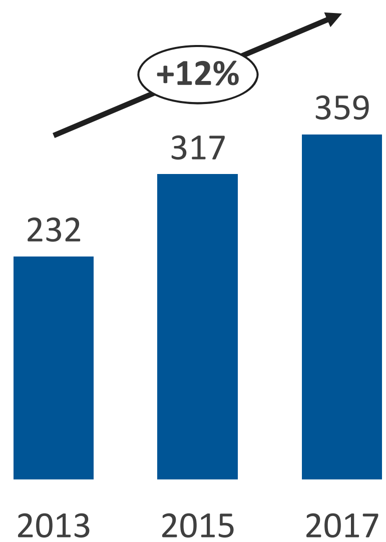
Volume

(Mlbs)



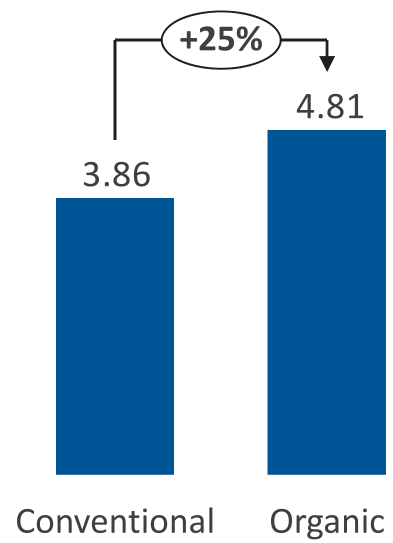
Value

($USD)



Pricing

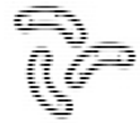
($USD)



Source: Nielsen

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

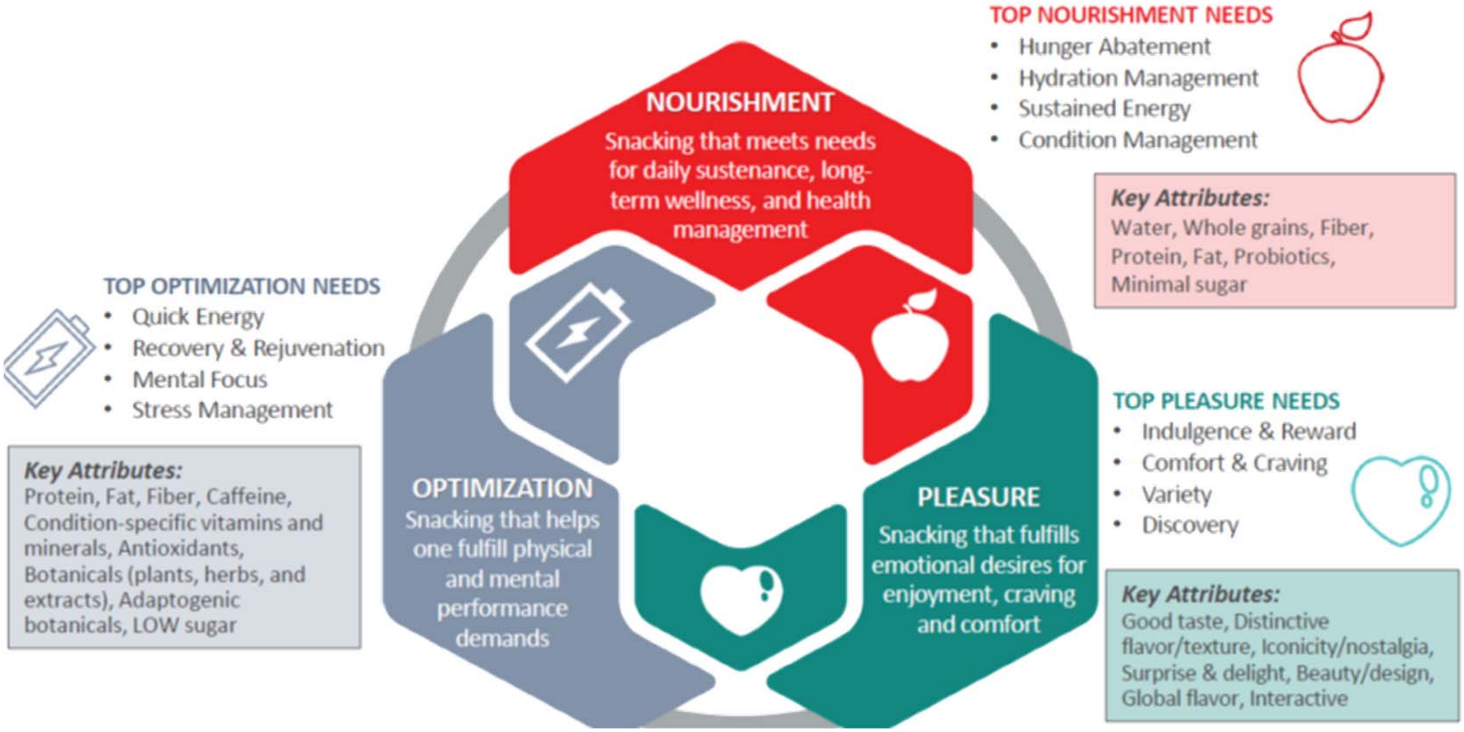
1. Gluten Free (+82M lb)
2. Organic (+1M lb)



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

Organic, ancient grains, transitional: opportunity for all tortillas

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

BUNGE COMBINED OILS & GRAINS ADS

NON-GMO, ORGANIC, AND TORTILLA CAPABILITIES