

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

Crop Year	Farm Value (000)
2000-01	\$666,487
2001-02	\$740,012
2002-03	\$1,200,687
2003-04	\$1,600,144
2004-05	\$2,189,000
2005-06	\$2,724,876



California Almond Crop

North Counties: Approx. 15%

Central Counties: Approx. 50%

Fresno County Areas. Approx. 15%

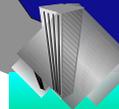
Kern County. Approx. 20%

San Francisco



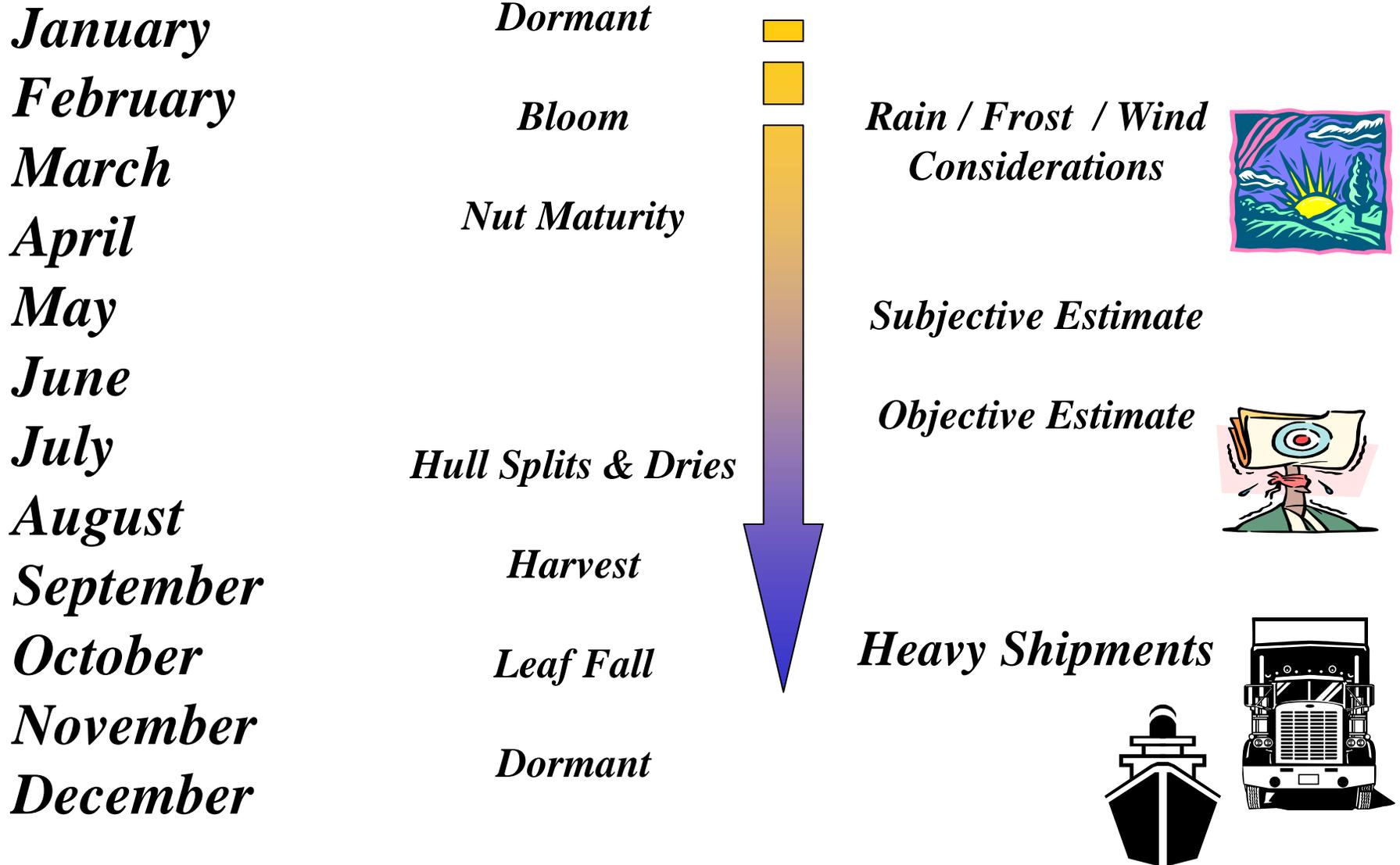
Sacramento

Los Angeles





California Almond Crop Time Line



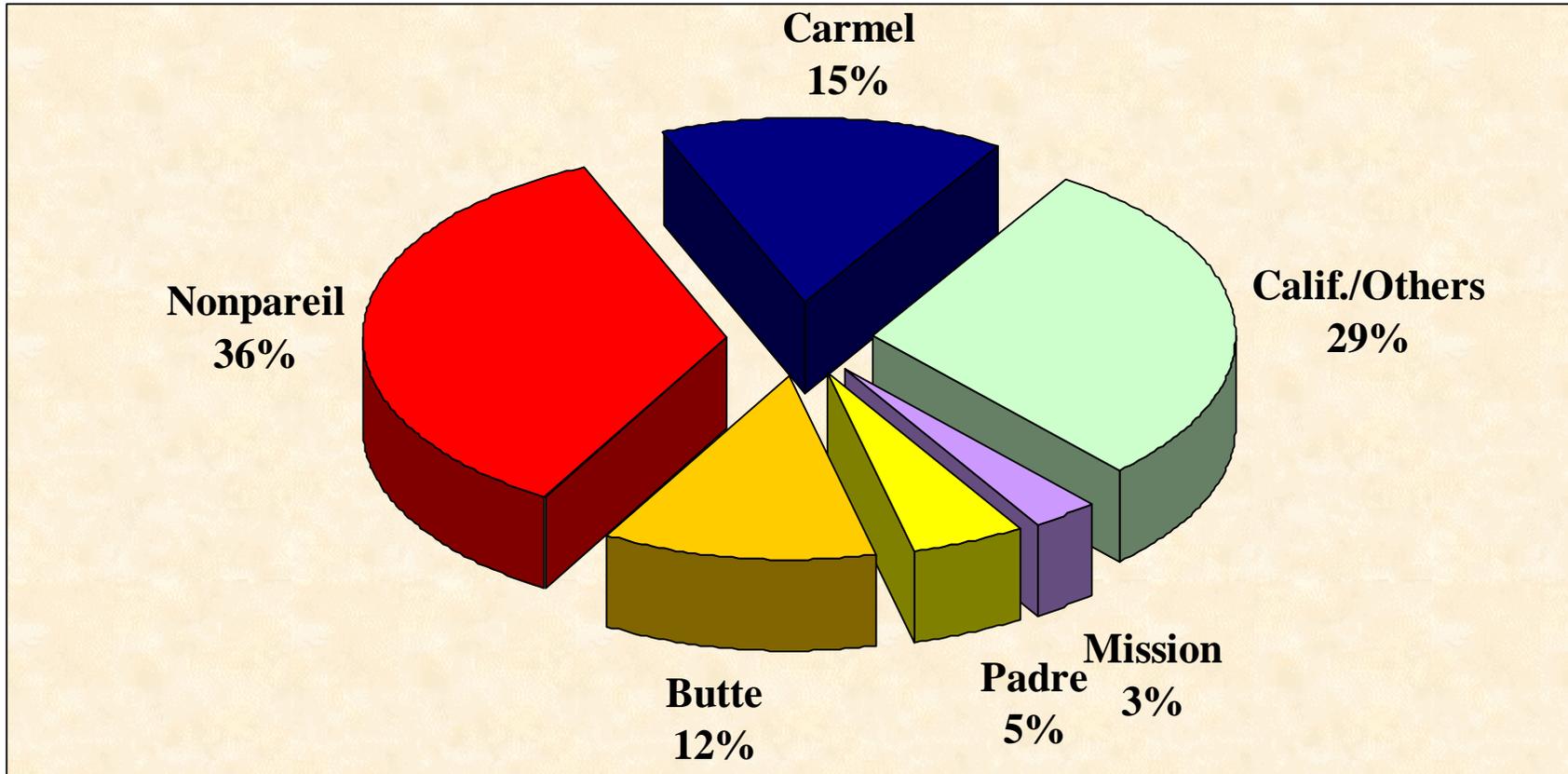


Almond Bloom



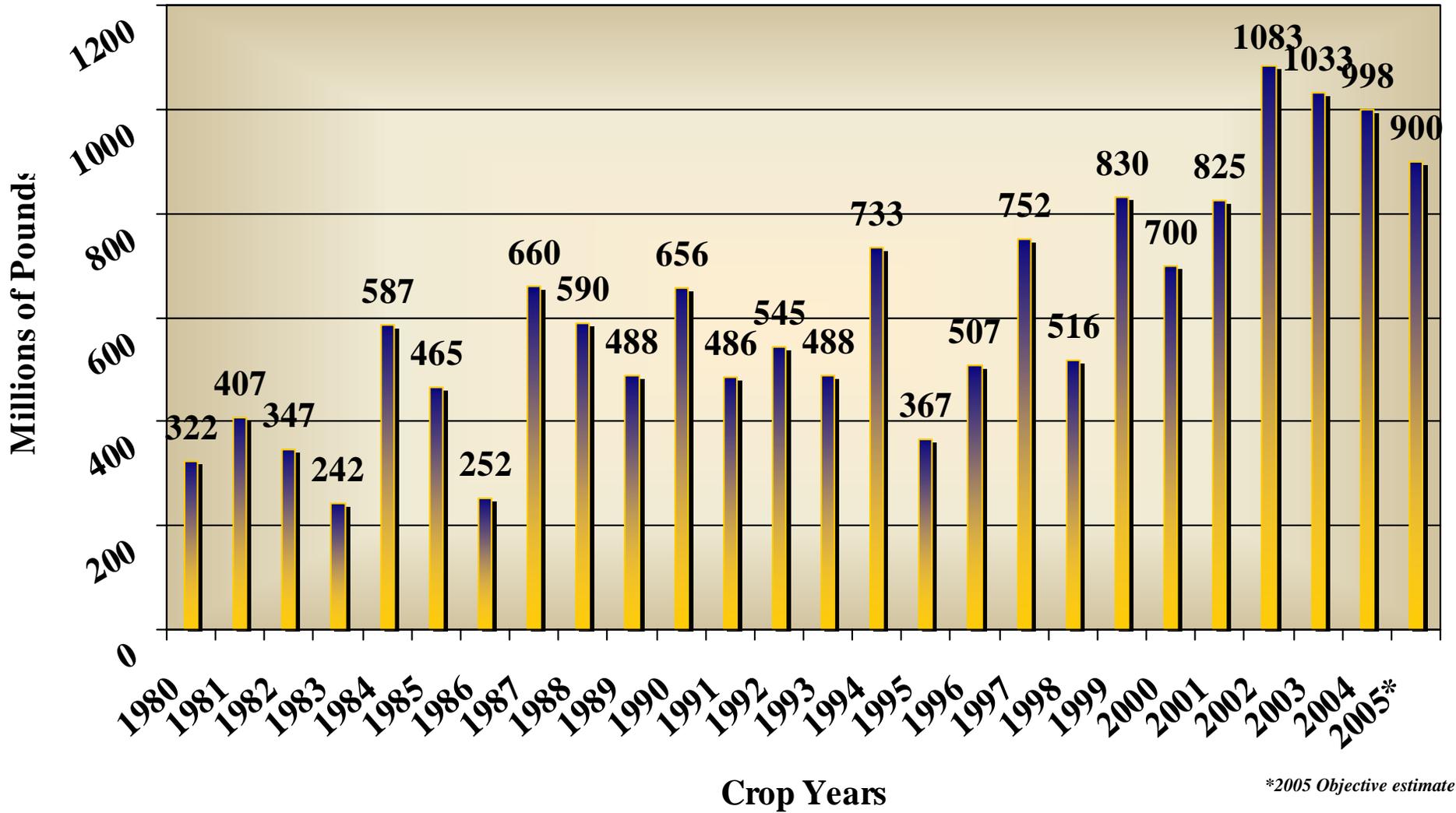


California Almond Acreage by Variety – 2004





California Almond Crop 1980 – 2005

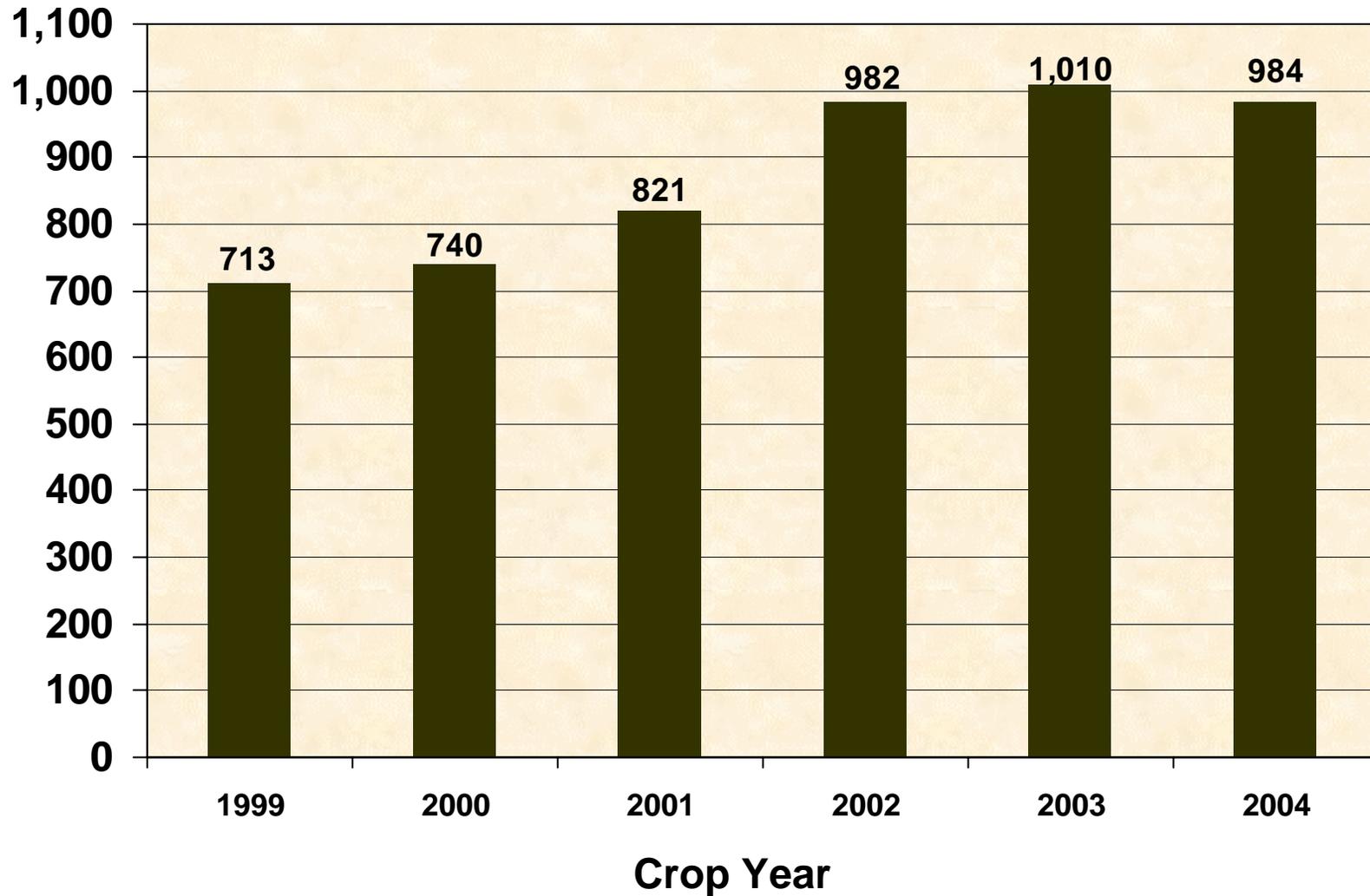


*2005 Objective estimate



California Shipments

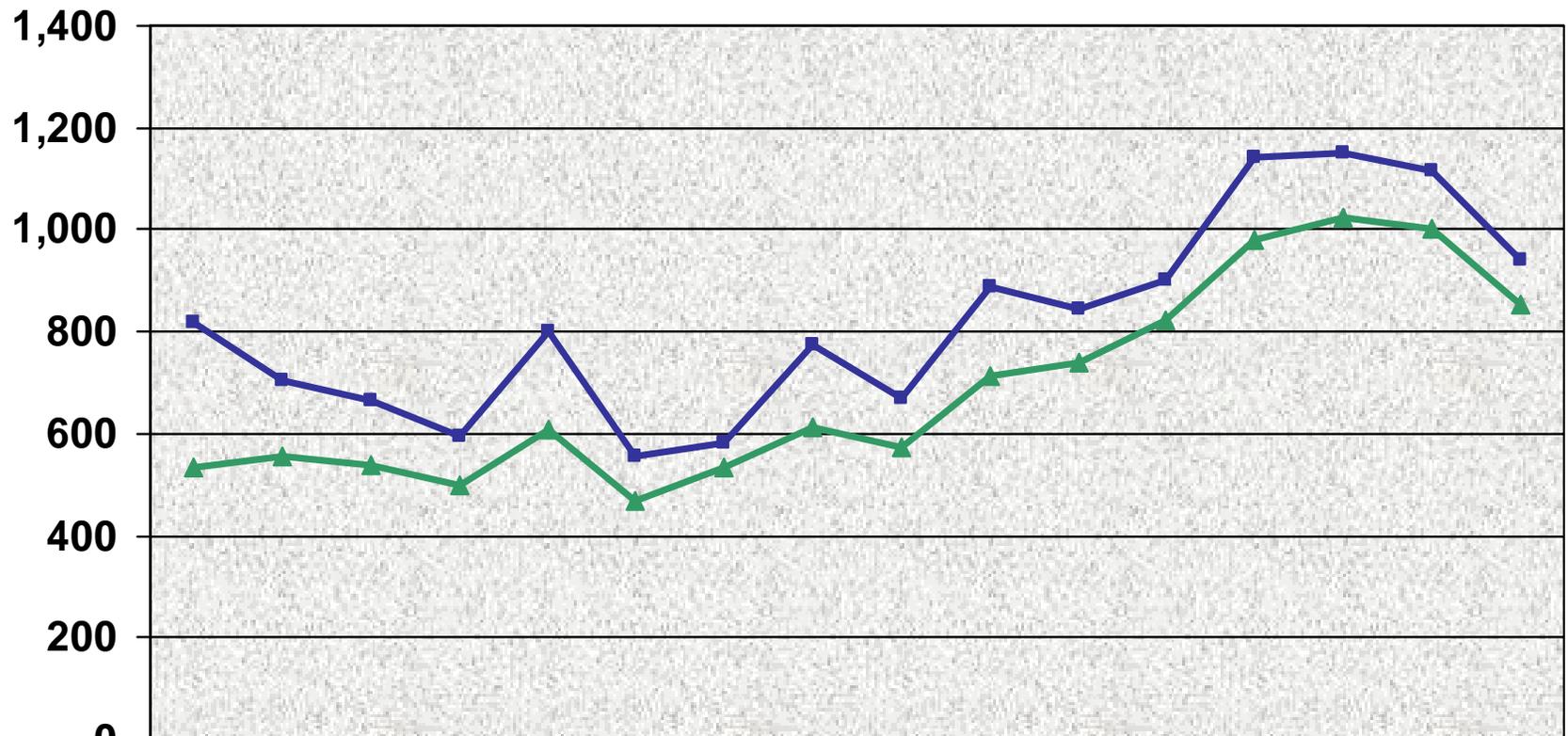
Million Pounds





California Almond Supply & Consumption

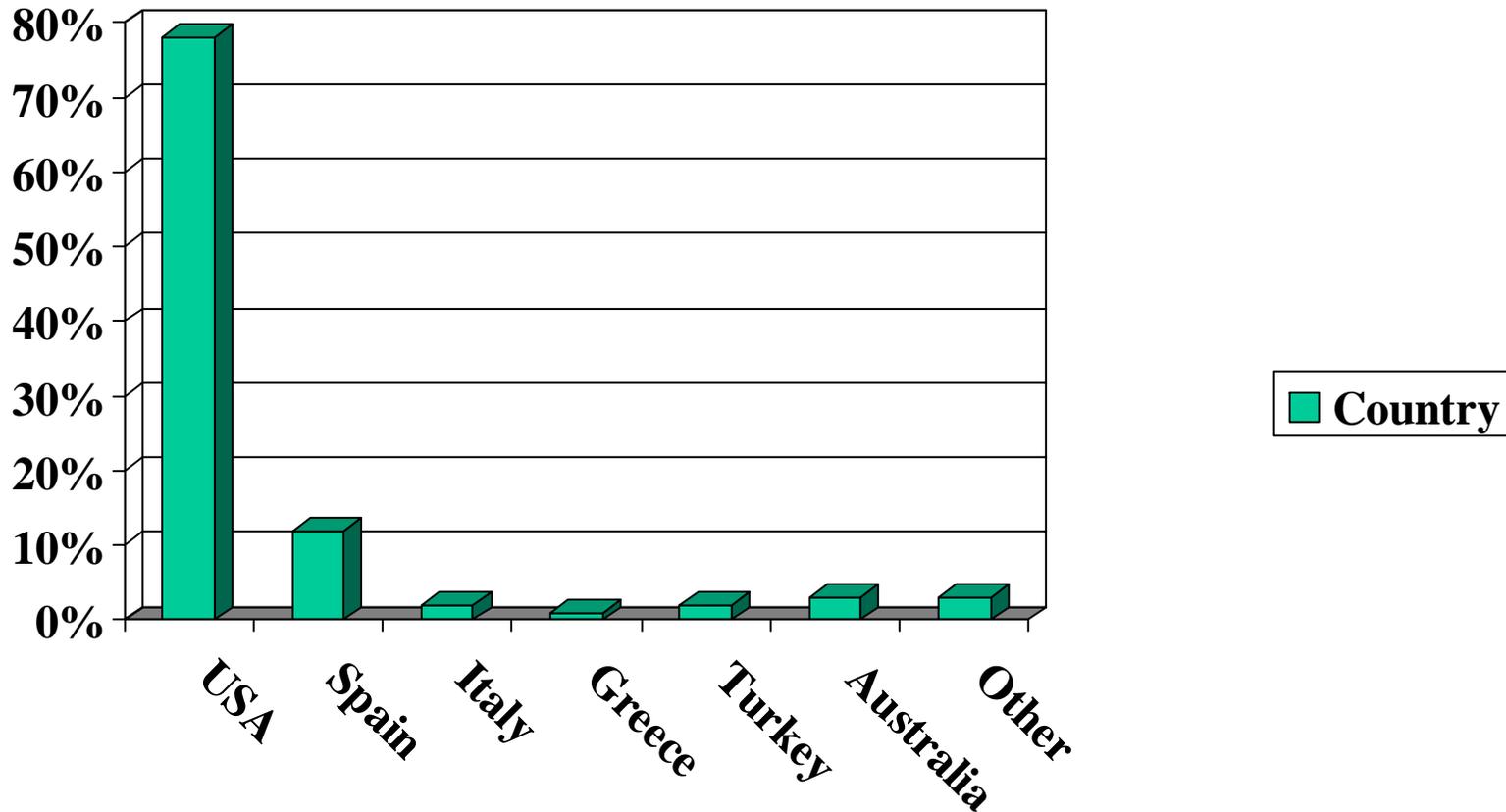
Million Pounds



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
■ Calif. Supply	819	706	664	597	799	556	580	775	668	888	845	902	1144	1152	1117	942
▲ Calif. Shipments	534	556	536	498	609	468	533	612	573	713	740	821	982	1024	1000	854



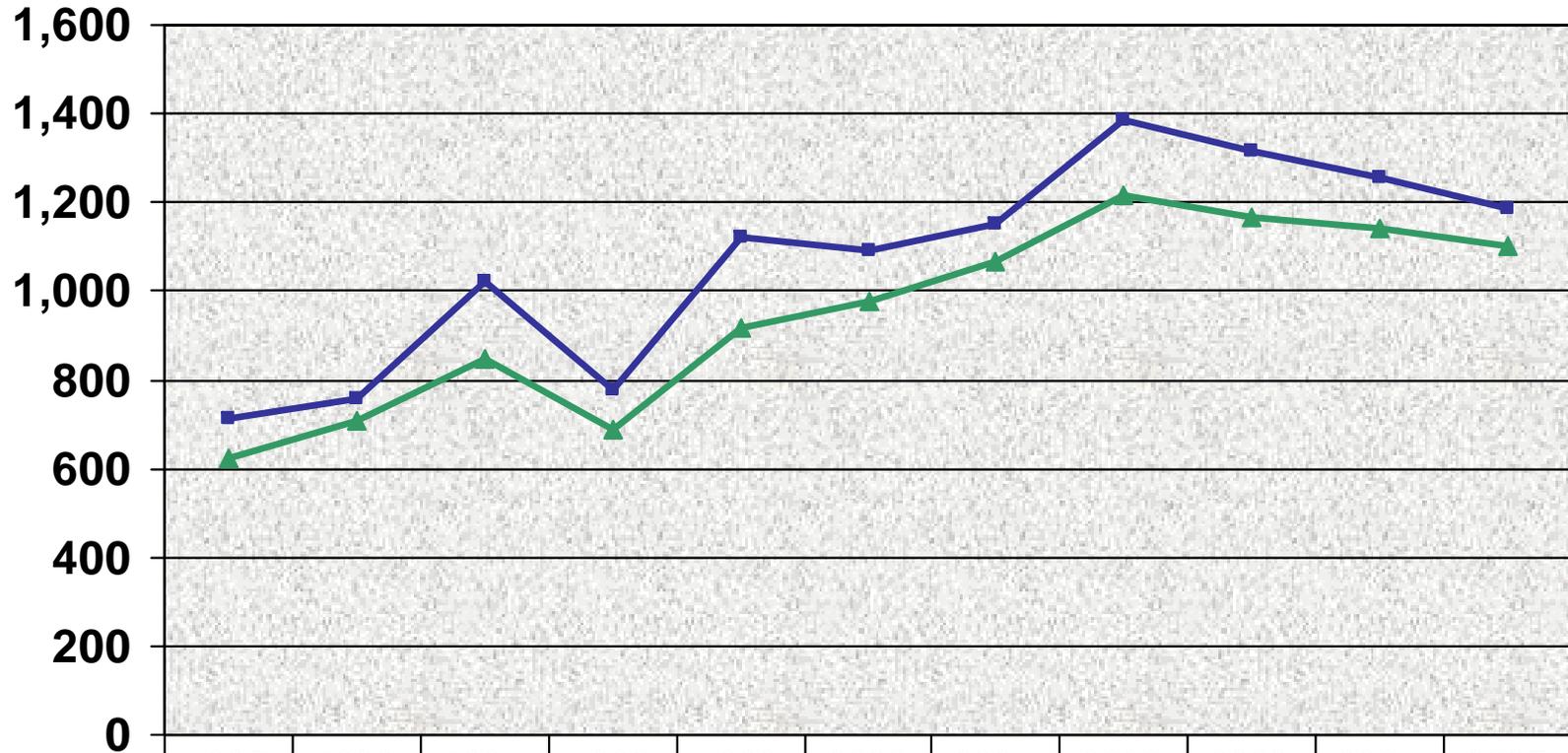
2004-05 World Almond Supply





World Almond Supply & Consumption

Million Pounds

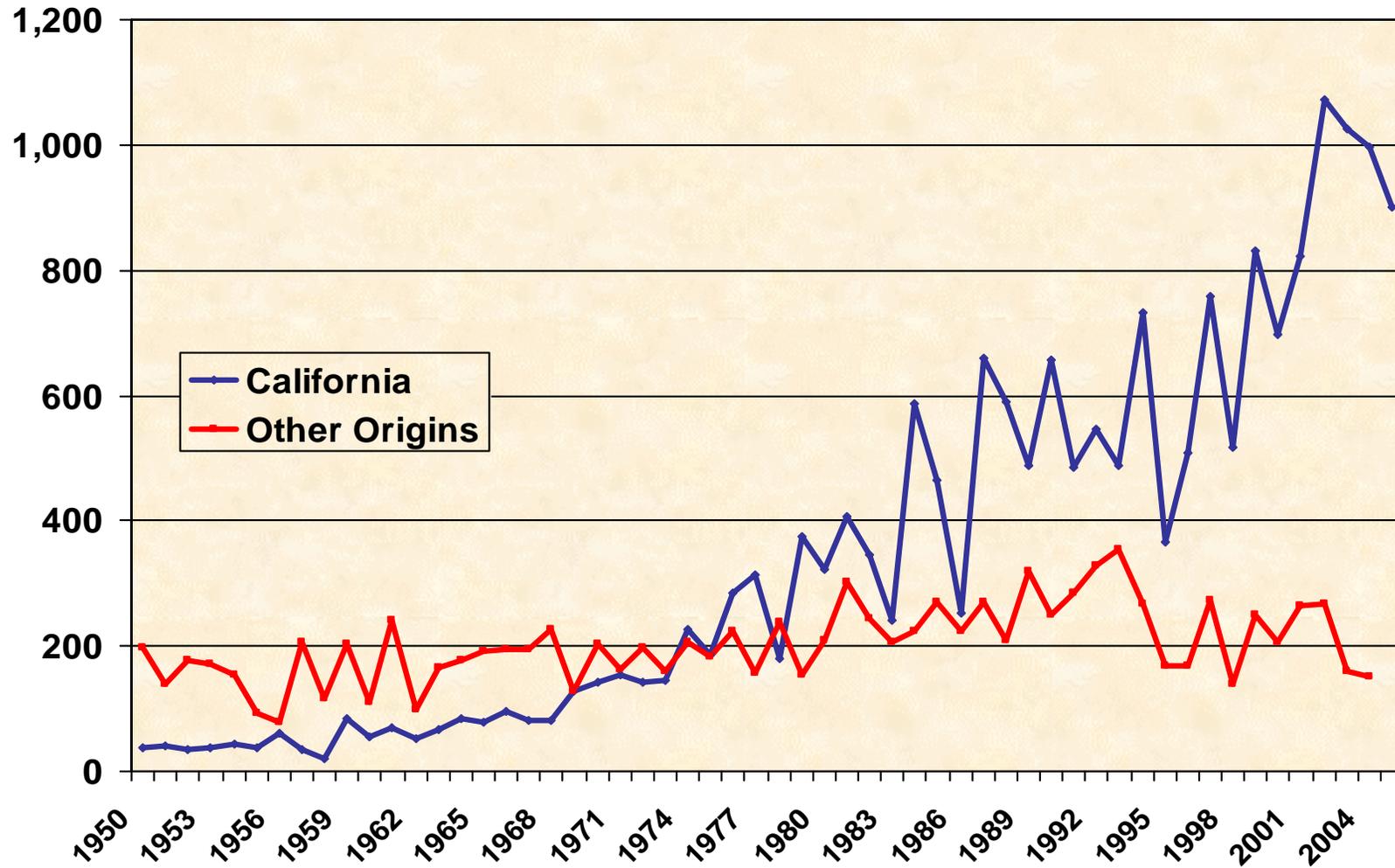


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
World Supply	714	758	1021	779	1123	1093	1150	1387	1314	1258	1188
Consumption	621	710	849	687	918	975	1069	1217	1165	1141	1100



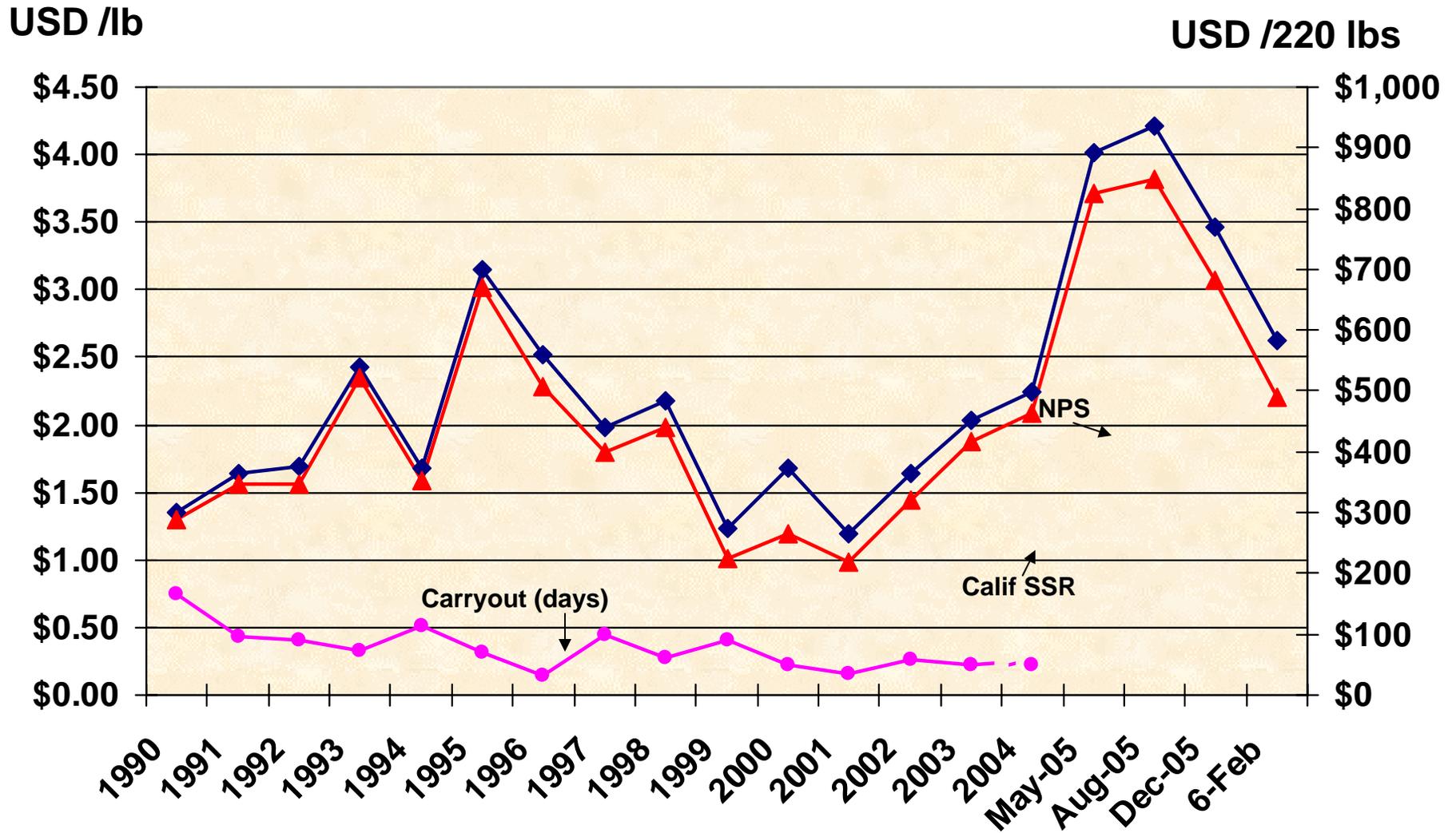
Historical Almond Production

Million Pounds





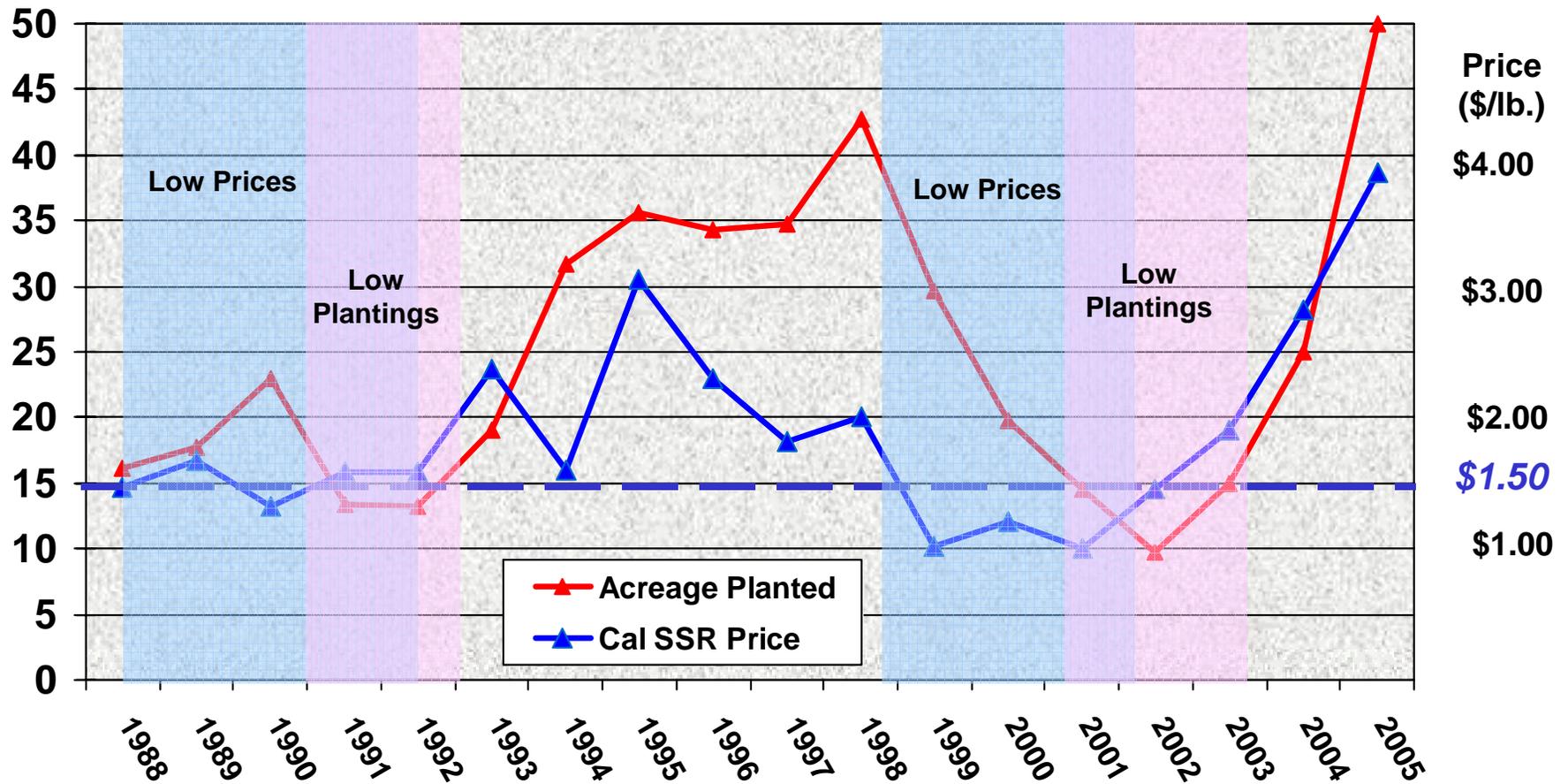
California Almond NPS / Calif SSR Price History





Effect of Almond Prices on New Acreage Planted

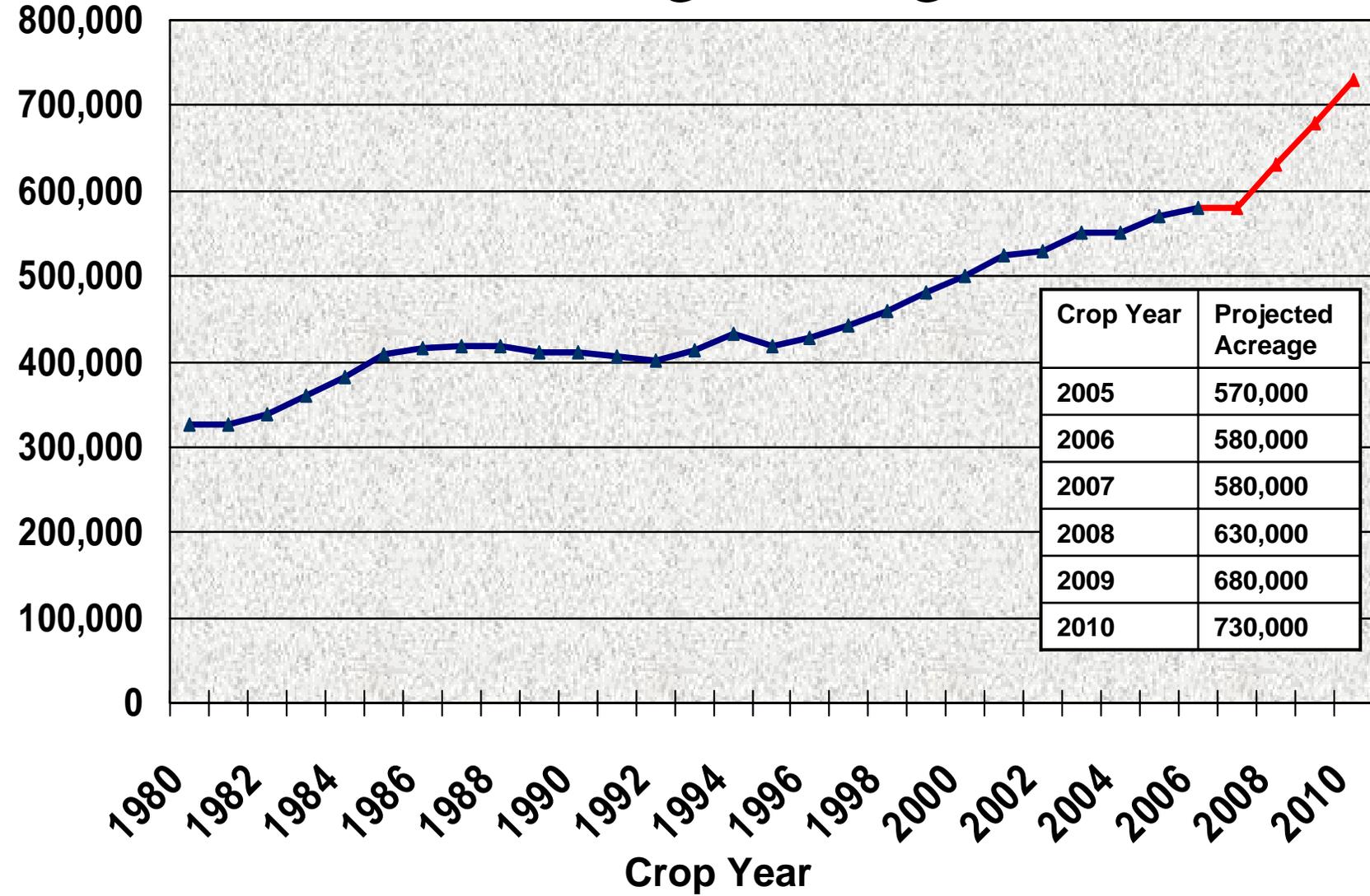
Acreage Planted
(000's)





California Almond Bearing Acreage

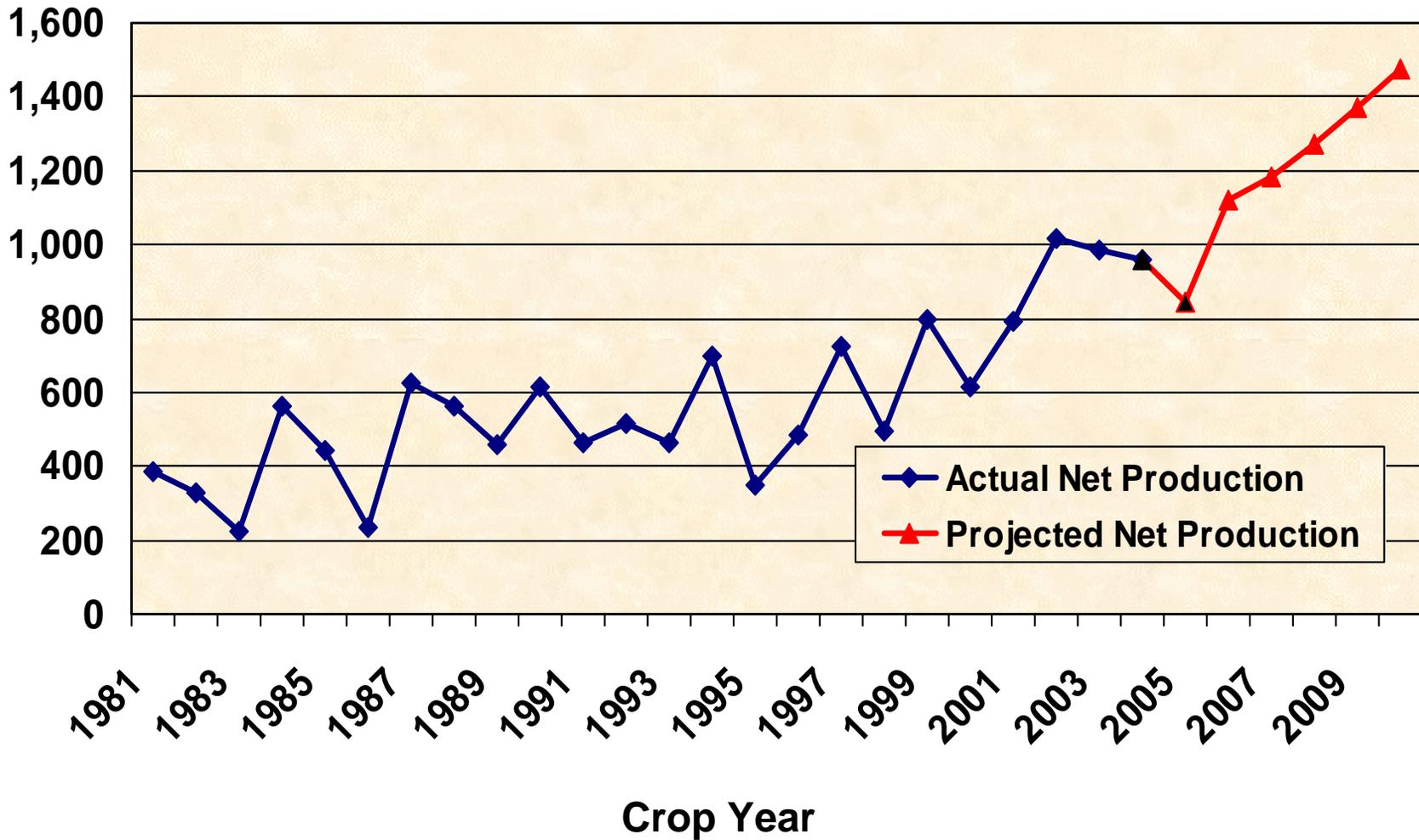
Acreage





California Almond Crop Production

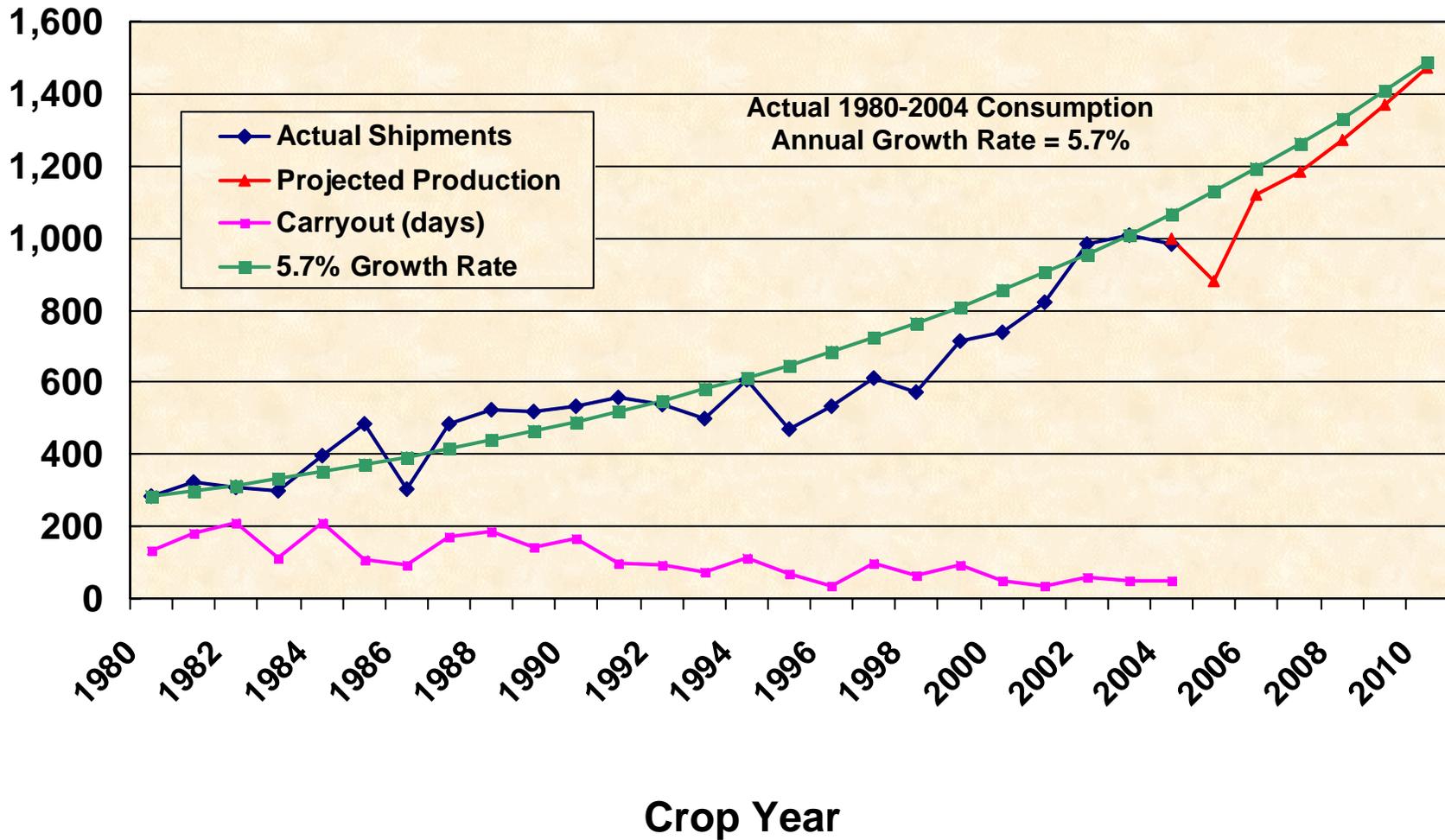
Million Pounds





California Almond Production/Shipment Trend

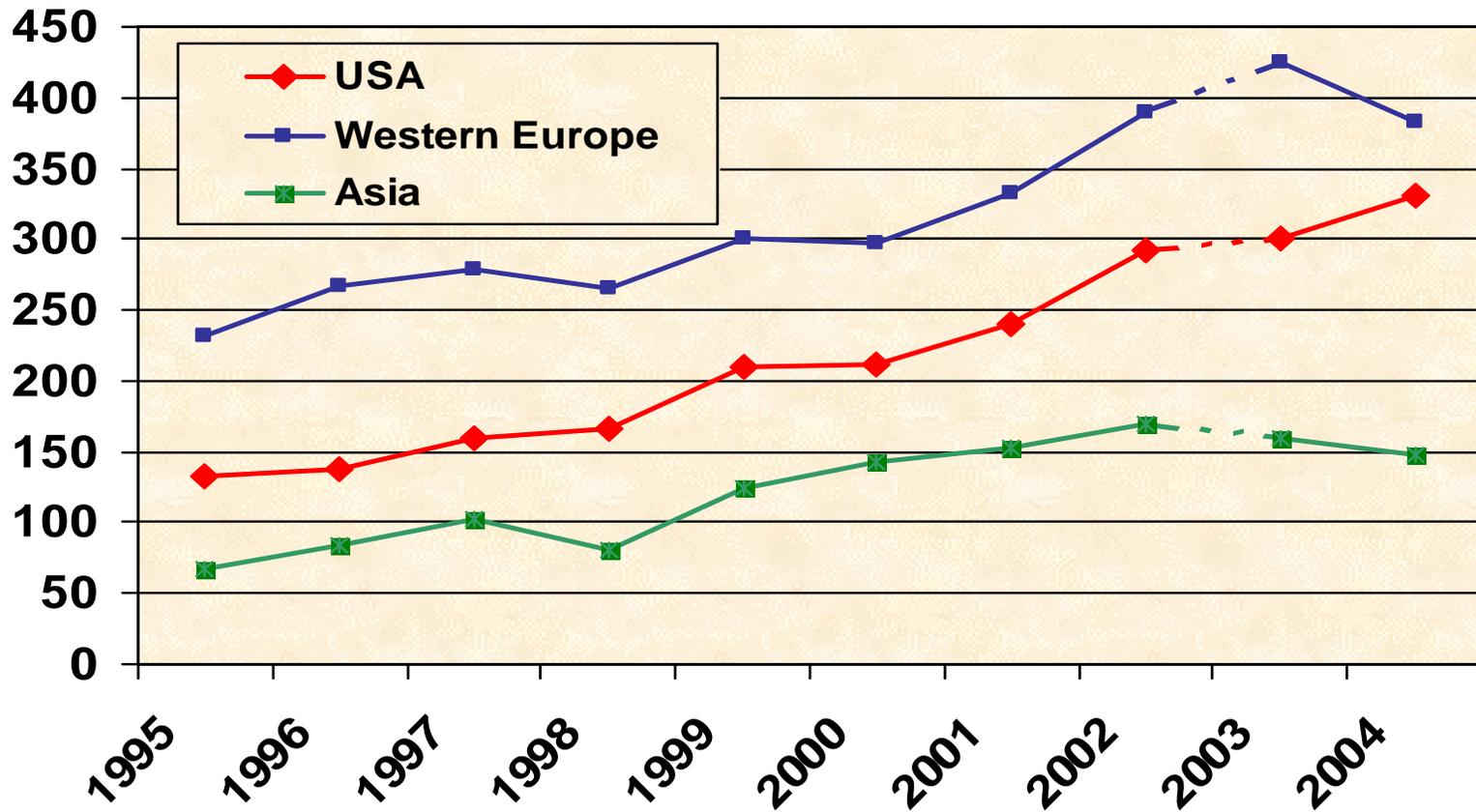
Million Pounds





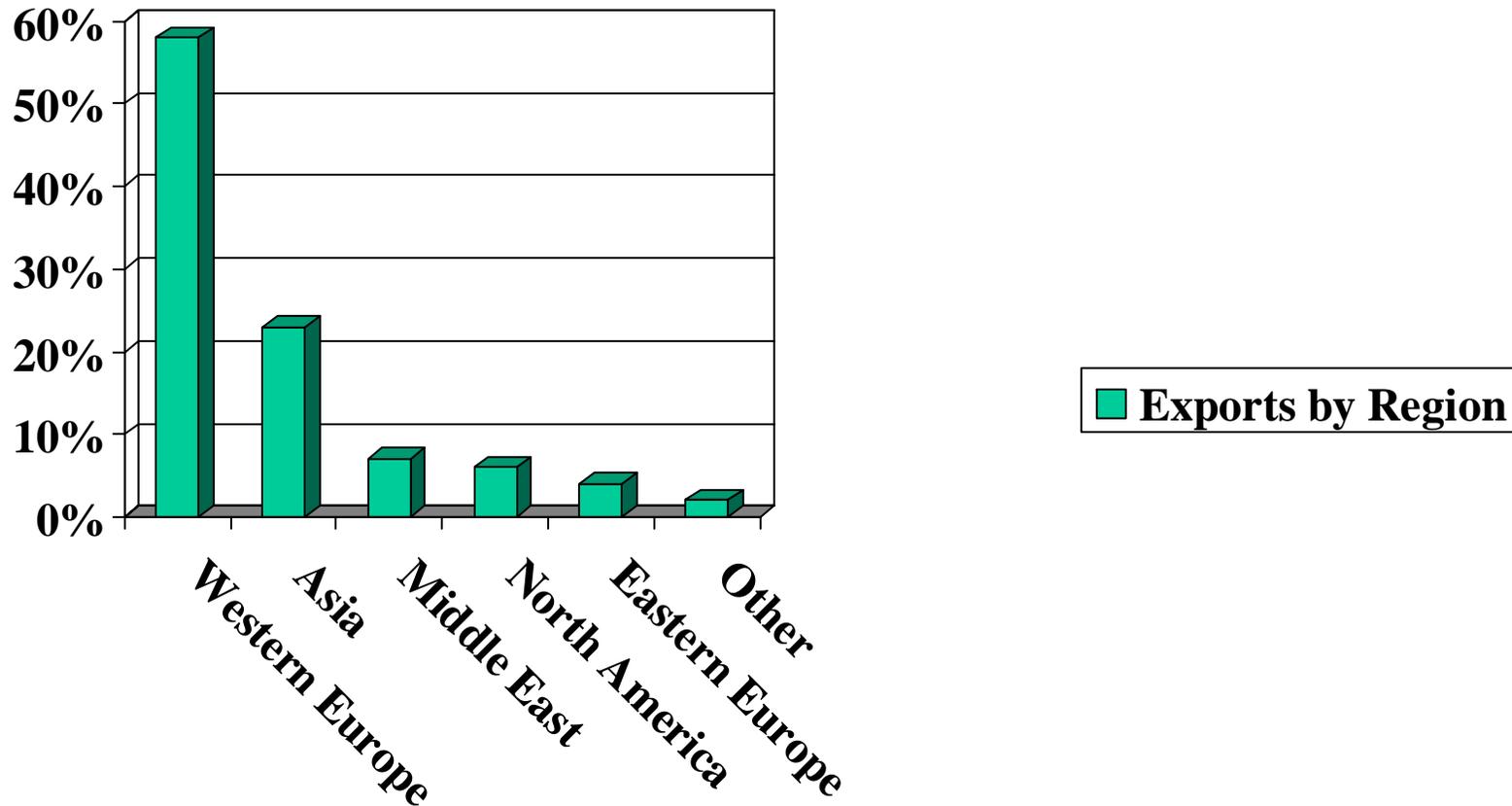
Almond Consumption Growth in Major Markets

Million Pounds



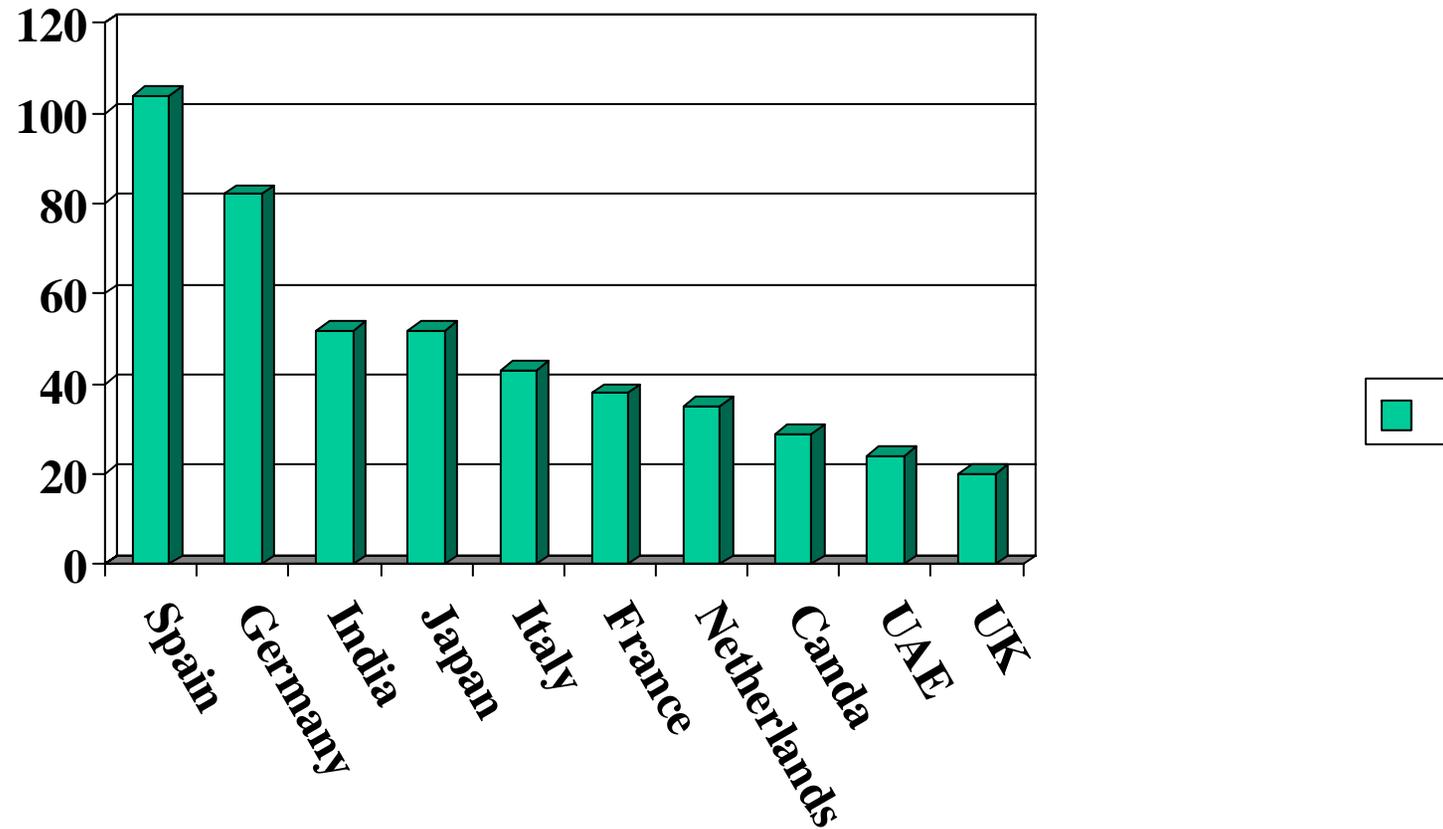


Exports by Region 2004-05



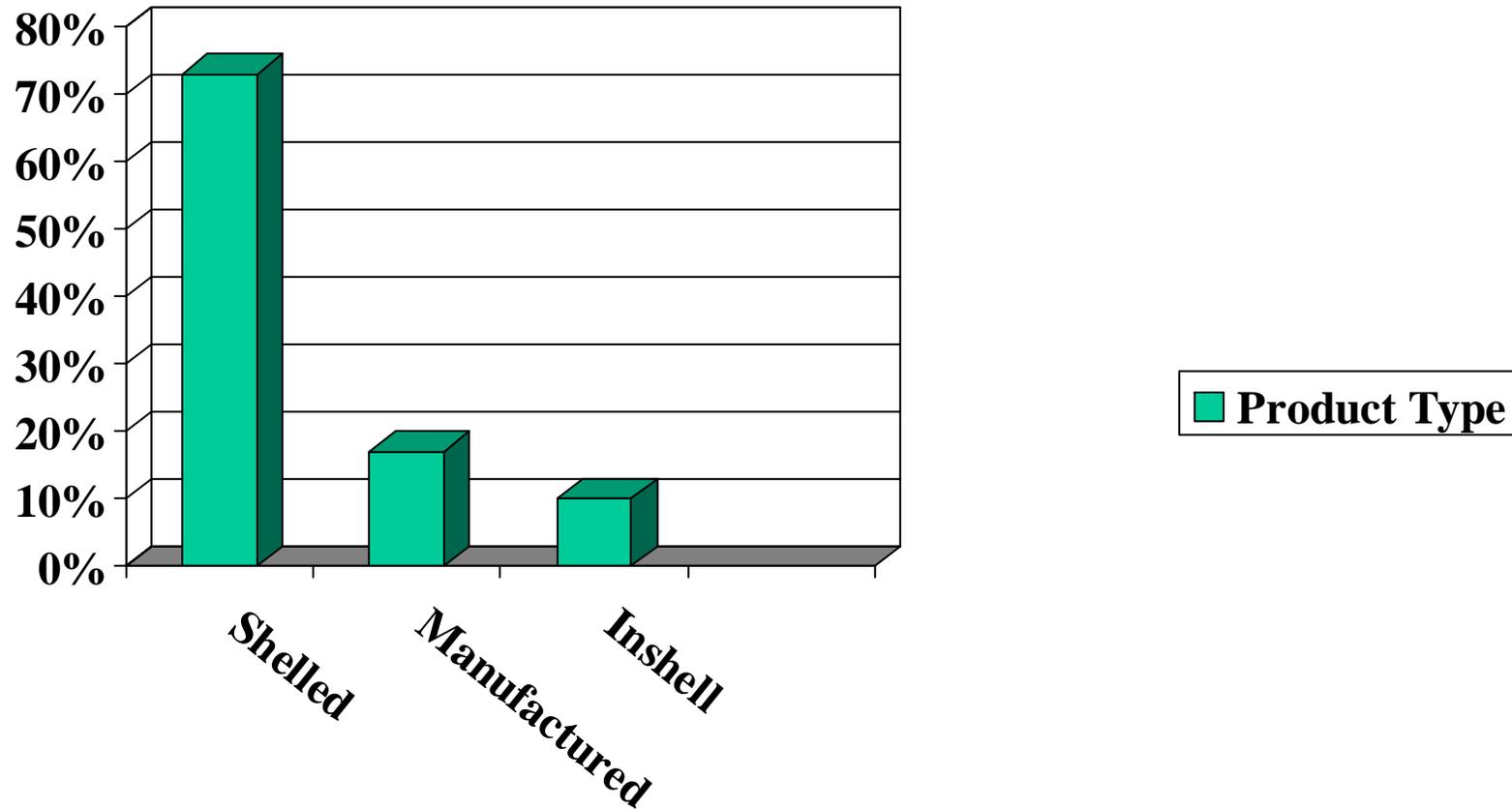


Top Ten Export Markets 2004-05





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





SHAKE WELL, SERVE CHILLED

Luscious Taste! Smart Choice!

BLUE DIAMOND
NATURAL

Almond Breeze

THE PREFERRED TASTE ALTERNATIVE
Made From *Real Almonds*

25%
Fewer
Calories
THAN THE LEADING
SOY BEVERAGES

Smooth & Creamy
CHOCOLATE
Non-Dairy Beverage
32 FLUID OZ (1QT) 946 mL

SHAKE WELL, SERVE CHILLED

Luscious Taste! Smart Choice!

BLUE DIAMOND
NATURAL

Almond Breeze

THE PREFERRED TASTE ALTERNATIVE
Made From *Real Almonds*

25%
Fewer
Calories
THAN THE LEADING
SOY BEVERAGES

Smooth & Creamy
VANILLA
Non-Dairy Beverage
32 FLUID OZ (1QT) 946 mL

SHAKE WELL, SERVE CHILLED

Luscious Taste! Smart Choice!

BLUE DIAMOND
NATURAL

Almond Breeze

THE PREFERRED TASTE ALTERNATIVE
Made From *Real Almonds*

50%
Fewer
Calories
THAN THE LEADING
SOY BEVERAGES

Smooth & Creamy
ORIGINAL
Non-Dairy Beverage
32 FLUID OZ (1QT) 946 mL



New Flavors





Nature's Healthy Snack





THANK YOU

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