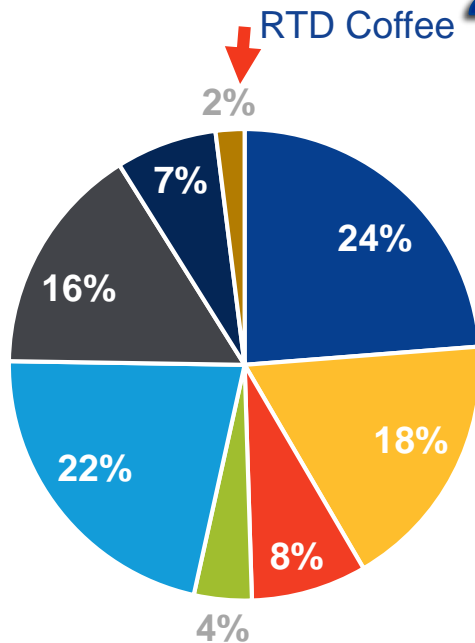




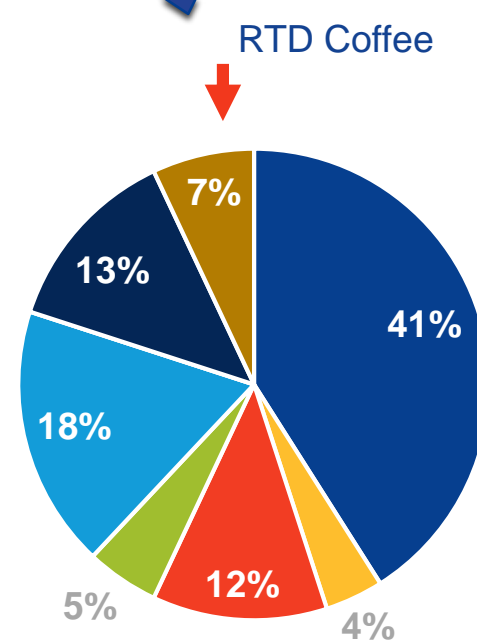
Ready to Drink Coffee Trends & Dairy

RTD Coffee Shows Opportunity for Growth in the U.S.

U.S. Soft Drink Share of Dollar Sales in 2017



U.S. Soft Drink Share of Dollar Sales in 2017-2022



- Bottled Water
- Energy Drinks
- Non-Cola Carbonates
- RTD Tea
- Juice
- Sports Drinks
- Cola Carbonates
- RTD Coffee

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From 2013 to 2017, R.-T.-D. coffee sales grew about 10% annually in the United States

Much of the growth came from some type of cold brew, with cold-brew retail sales reaching an estimated \$38 million in 2017, representing a single-year growth of 137%.



Chilled / Iced Coffee is Taking a Leading Place in the Strategy of More Companies, Particularly RTD Coffees

La Colombe RTD coffees are made with lactose-free milk and cold-pressed espresso. It's now a \$30 million brand in the U.S.



Bigger players like Nestle are also investing in the format.



The Trend is Likely to Continue; Young Consumers Are Leading the Shift from Hot to Chilled RTD Coffee

68%

Of U.S. 18-34-year-olds currently consume single-serve RTD coffee (in bottles or cans).



Compared to

43%

Of total U.S. adults currently consume single-serve RTD coffee (in bottles or cans).



Around **90%** of the RTD Coffee Space is Made up of **RTD Coffee with Dairy Milk**



Top Ingredients: Purified water, organic Colombian coffee, organic maple syrup, **Sunnova super creamer** (milk protein isolate, purified coconut oil (mct))



Top Ingredients: Organic coffee concentrate (water, coffee), **butter**, **whey protein concentrate**

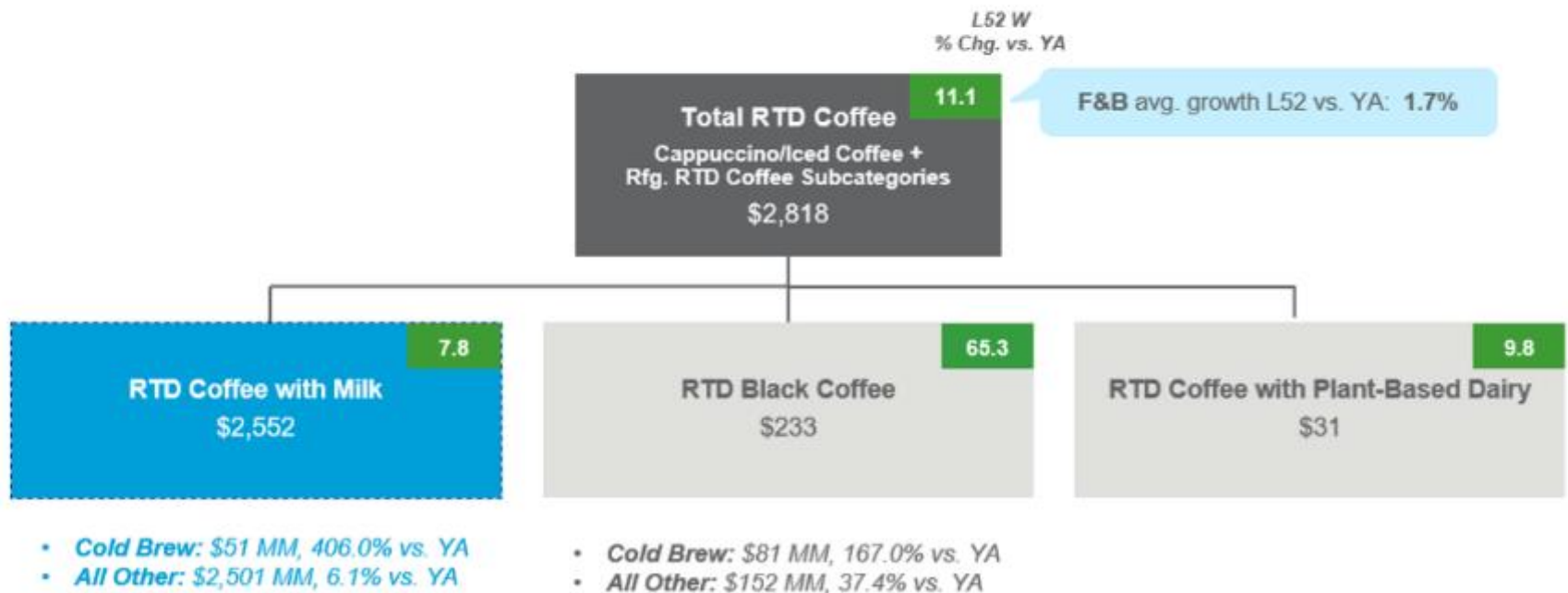


Top Ingredients: Starbucks coffee (water, coffee), **reduced fat milk**, **skimmed milk**, sugar

RTD Coffee with **Milk** is also the **Most Common Choice** for Consumers – Based on Sales

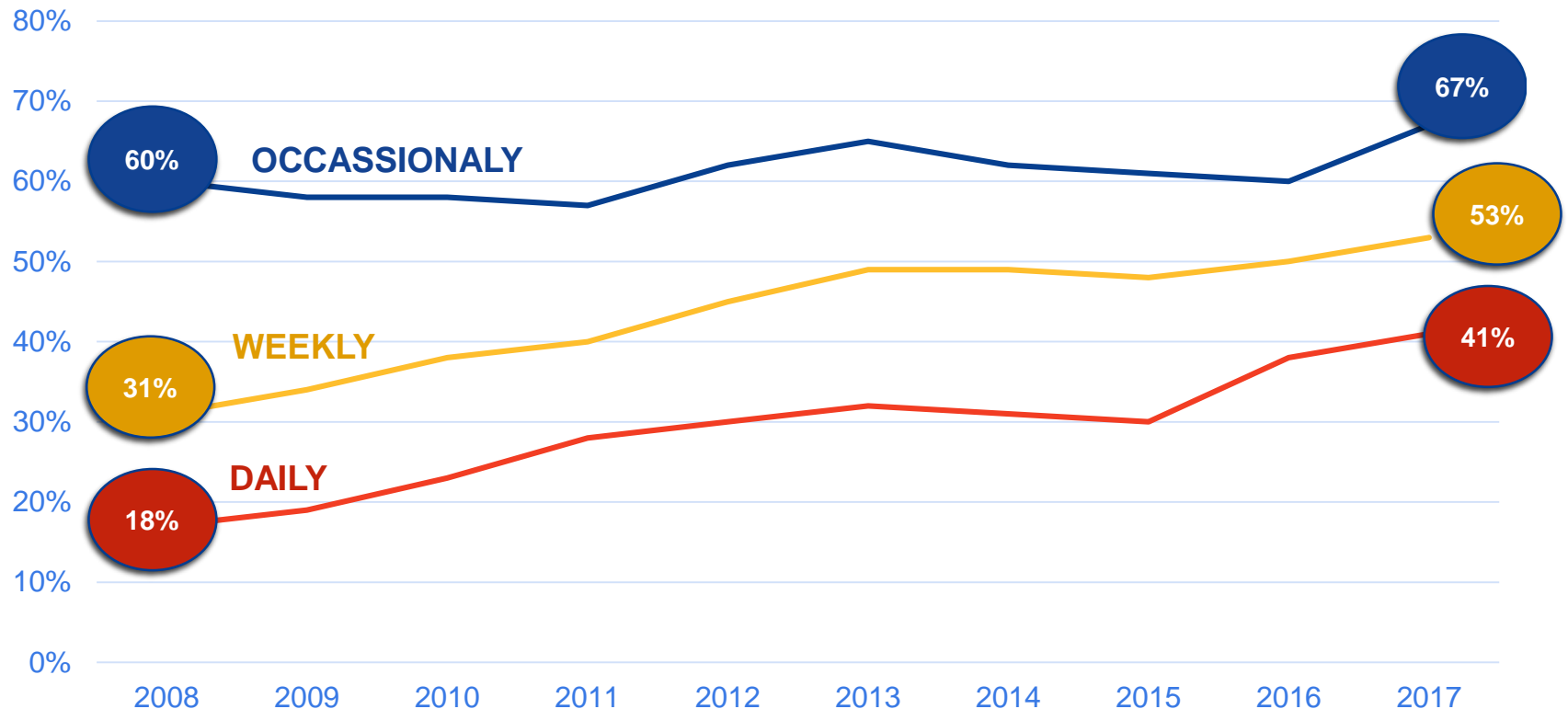
Total RTD Coffee size and growth

Dollar Sales (\$MM), L52 Weeks % chg. vs. YA, MULO+C



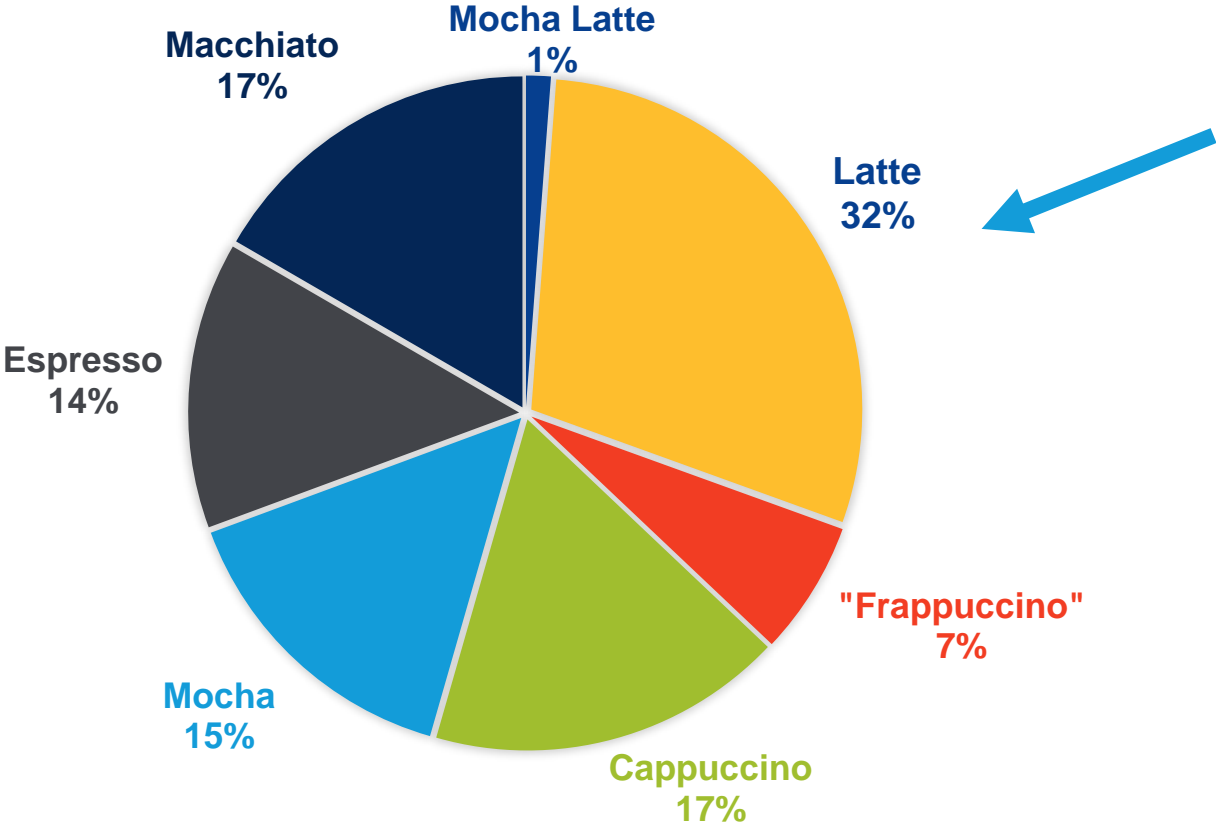
U.S. Adults are Drinking More Specialty Coffee

Percentage of Adults in the U.S. Drinking Specialty Coffee (2008-2017)



Within the 69% of RTD Coffee NPL's that are Specialty Coffees, Lattes are the Most Common Specialty Coffee Type

2014 - 2018 Specialty Coffee Types



Join in on the **Better-For-You Health Trend**

Strategies to Handle the Demonization of Sugar

Reduce the Sugar

- Explore different ways to reduce sugar.
- Consumer acceptability varies according to target market and consumer group.



Make it Natural

- Many consumers believe that if something is natural, it is healthier.
- Honey, agave and stevia are popular “white sugar replacements” on social media.



Pure Indulgence

- If you market something as an honest, permissible indulgence, consumers will be more forgiving about the sugar content.



Sugar for Energy

- Consumers looking for “natural energy” are forgiving about the sugar content.



Better-For-You Health Trend: Reduce the Sugar

Global: consumers who find the following food and drink product claims appealing or very appealing, 2016

Low sugar



71%

No Added Sugar



71%

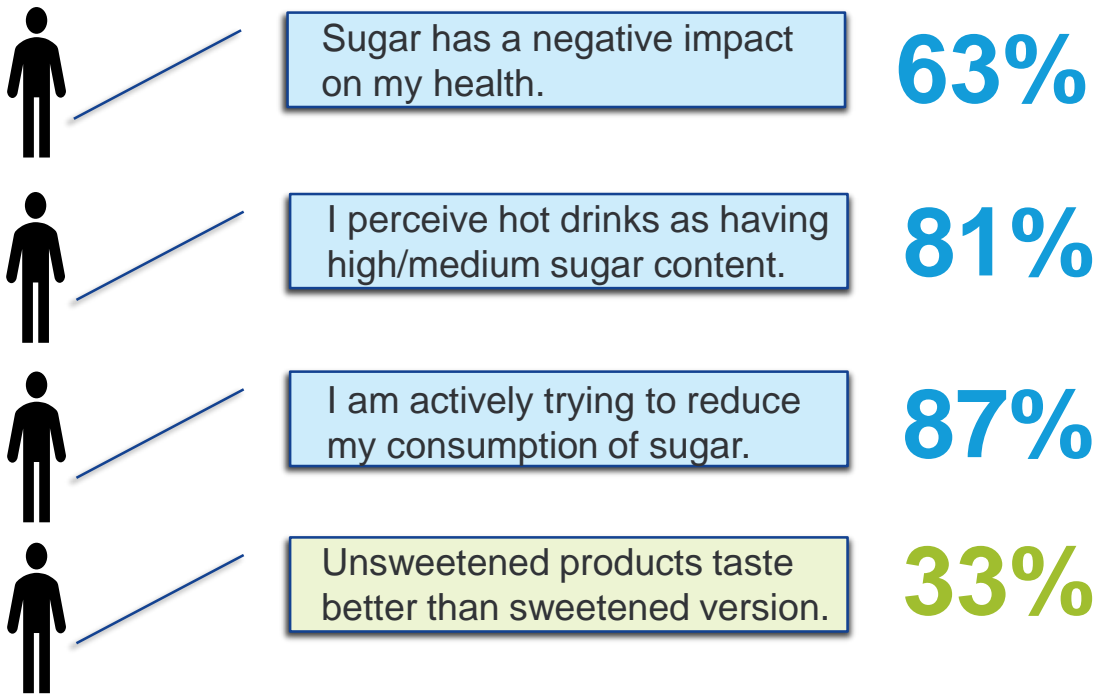
“I pay attention to how much sugar I consume for a variety of reasons. It’s bad for my teeth and for my waistline. But also because it’s always going around how addicted we all are to it apparently.”

American, curator, 28 (female)



Coffee Formulations are Moving Towards **Low-Sugar** or **Sugar-Free** Options

Global: "I somewhat agree/ agree with this statement", 2016



Dairy Super Consumers Present Opportunity to Increase Retail Sales

Stage 1 of IDDBA's Super consumer research (2017) results indicate that 20% of households are potential Super Consumers.

DAIRY SUPER CONSUMERS

10%



22%



- Spend 2.2 more (\$634/year)
- Purchase 7 subcategories
- Shop at 5 different stores.



Appeal to Shoppers Already in Your Store – up to \$2.4-\$3B Opportunity.

Create a coffee creamer bar in your store so customers can sip and shop. Refine creamer bar options to make experimenting with new flavors fun and easy.

