Today’s Discussion

1. Macrosnack definition evolution
2. 2017 trends
3. 2018+ Snack growth drivers
4. Leveraging trends for success
The Macro Snack Universe is Far Reaching
The MacroSnack Universe is Far Reaching
For years our snacking universe has had Core and Extended categories – **Core outpaced Extended yet again**
The evolution of Macrosnacking has resulted in 4 main segments:

- Wellness
- Permissible Indulgence
- True Indulgence
- Treats
The category breaks are based on product roles and attributes.

<table>
<thead>
<tr>
<th>Wellness</th>
<th>Permissible Indulgence</th>
<th>True Indulgence</th>
<th>Treats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherently healthier &amp;/or nutrition claims</td>
<td>Products consumers feel are more permissible because they have less of or added benefits to their indulgent favorites</td>
<td>“Fully loaded” traditional categories</td>
<td>Confections</td>
</tr>
</tbody>
</table>
The category breaks are based on product roles and attributes.

- **Wellness**
  - Snk and Granola Bars (GMO+ Claims)

- **Permissible Indulgence**
  - All Other Snk and Granola Bars (w/o GMO+ Claims)

- **True Indulgence**
  - Treats
Wellness’ shortfall is due to a variety of reasons, but strong growth across the other segments within macrosnacks.
Today’s **Discussion**

1. **Macrosnack definition evolution**
2. **2017 trends**
3. **2018+ Snack growth drivers**
4. **Leveraging trends for success**
The top ten core snacks saw mixed results – with treating and indulgence scoring the most growth

<table>
<thead>
<tr>
<th>Snack</th>
<th>$ % Chg</th>
<th>Unit % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chocolate Candy</td>
<td>2.3%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Cookies</td>
<td>2.1%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Potato Chips</td>
<td>2.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>3.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Non-Choc.</td>
<td>3.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Tortilla Chips</td>
<td>2.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Yogurt</td>
<td>-1.7%</td>
<td>-8.6%</td>
</tr>
<tr>
<td>Crackers</td>
<td>-0.3%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Natural Cheese</td>
<td>-1.3%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Snack Nuts</td>
<td>0.7%</td>
<td>-1.0%</td>
</tr>
</tbody>
</table>

Source: IRI TSV_52 Weeks Ending 12/31/17
When we look at top category segments we see some categories where claims are driving massive growth while others decline.

<table>
<thead>
<tr>
<th>Category</th>
<th>Specific Claims</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Cream</td>
<td>Fat+High Protein+Organic Claims</td>
<td>40%</td>
</tr>
<tr>
<td>All Other</td>
<td></td>
<td>-1.7%</td>
</tr>
<tr>
<td>Crackers</td>
<td>Other Grain+ Claims</td>
<td>-1%</td>
</tr>
<tr>
<td>All Other</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Cookies</td>
<td>Energy+ Claims</td>
<td>17%</td>
</tr>
<tr>
<td>All Other</td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>Yogurt</td>
<td>Fat+ Claims</td>
<td>-6%</td>
</tr>
<tr>
<td>All Other</td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>Tortilla Chips</td>
<td>100% Natural+ Claims</td>
<td>4%</td>
</tr>
<tr>
<td>All Other</td>
<td></td>
<td>2%</td>
</tr>
<tr>
<td>Natural Cheese</td>
<td>Fat+ Claims</td>
<td>-11%</td>
</tr>
<tr>
<td>All Other</td>
<td></td>
<td>-1%</td>
</tr>
</tbody>
</table>

Source: IRI TSV_52 Weeks Ending 12/31/17; $ % Chg
Wide variety of needs being met when looking at raw dollar growth: satiety, treating, protein, transparency and accompaniment

<table>
<thead>
<tr>
<th>Category</th>
<th>Example</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Salted Snacks*</td>
<td>Salted Snacks*</td>
<td>w/o GF+Non GMO+Low Fat+ Claims</td>
</tr>
<tr>
<td>Chocolate Candy</td>
<td>Chocolate Candy</td>
<td>(Fat+Protein+Organic+ Claims)</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>Ice Cream</td>
<td>(Fat+Protein+Organic+ Claims)</td>
</tr>
<tr>
<td>AO Cappuccino/Iced Coffee</td>
<td>AO Cappuccino/Iced Coffee</td>
<td>(w/o Fat+ claims)</td>
</tr>
<tr>
<td>Non-Chocolate Candy</td>
<td>AO Cheese Snacks</td>
<td>(w/o Fat+ Claims)</td>
</tr>
<tr>
<td>AO Yogurt</td>
<td>AO Yogurt</td>
<td>(w/o Fat+ Claims)</td>
</tr>
<tr>
<td>AO Potato Chips</td>
<td>AO Potato Chips</td>
<td>(w/o High Fiber+Fat+ claims)</td>
</tr>
<tr>
<td>Fz. Pizza</td>
<td>Fz. Pizza</td>
<td>(100% Natural+ Claims)</td>
</tr>
<tr>
<td>AO Fz. App &amp; Snk Rolls</td>
<td>AO Fz. App &amp; Snk Rolls</td>
<td>(w/o Protein+Natural+ claims)</td>
</tr>
<tr>
<td>AO Dried Meat Snacks</td>
<td>AO Dried Meat Snacks</td>
<td>(Without No Fat+ Claims)</td>
</tr>
<tr>
<td>Rfg. App &amp; Snk Rolls - Sushi</td>
<td>Rfg. App &amp; Snk Rolls - Sushi</td>
<td></td>
</tr>
</tbody>
</table>

*Excludes nuts

Source: IRI TSV_52 Weeks Ending 12/31/17; raw $ growth
<table>
<thead>
<tr>
<th>Category Segment</th>
<th>Description</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Milk/Fz Dairy Desserts</td>
<td>(Fat+GF+Natural+ claims)</td>
<td></td>
</tr>
<tr>
<td>Ice Cream</td>
<td>(Fat+Protein+Organic+ claims)</td>
<td></td>
</tr>
<tr>
<td>Snack/Granola Bars</td>
<td>(GMO+ claims)</td>
<td></td>
</tr>
<tr>
<td>Appetizers/ Snack Rolls</td>
<td>(w/o Sushi)</td>
<td></td>
</tr>
<tr>
<td>Cheese Snacks</td>
<td>(Fat+ Claims)</td>
<td></td>
</tr>
<tr>
<td>Rfg. Dips</td>
<td>(Fat+Natural+Calories/Serving+ claims)</td>
<td></td>
</tr>
<tr>
<td>Dry Fruit Snacks</td>
<td>(GF+Organic+Non GMO+ Claims)</td>
<td></td>
</tr>
<tr>
<td>Cookies</td>
<td>(Energy+ Claims)</td>
<td></td>
</tr>
<tr>
<td>Fz Cookies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refrigerated Meat/Cheese/ Cracker/Dessert</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Similar needs but different set of category segments when looking at 2017 vs 2016 ($ % Chg.)
Top growth brands had increases 2 or more of the following levers

- **Innovation**
- **Distribution**
- **Penetration**: +24%
- **Quality of merchandising**: +0.2 to 13.6 %HH Pen

*One point of Household penetration equates to 1.23 million U.S. households*
The growth brands gained the distribution predominantly in these channels:

- Food
- Mass
- Drug
- Dollar
- Internet
Today’s Discussion

1. Macrosnack definition evolution

2018+ Snack growth drivers

1. Lifestyle ingredients are winning
2. Channel shake up
3. Private Label capturing attention
4. For the fun of it
5. Niche evolution
6. Fragmenting flavors
7. The next big category?
8. Emerging trends impacting the industry

4. Leveraging trends for success
Today’s Discussion

1. Macrosnack definition evolution

2018+ Snack growth drivers

Lifestyle ingredients are winning
- Channel shake up
- Private Label capturing attention
- For the fun of it
- Niche evolution
- Fragmenting flavors
- The next big category?

Emerging trends impacting the industry

4. Leveraging trends for success
Average number of snacks per day continues to be above 2.5, and consumers top choices across the day vary...

**Morning**
- Fresh Fruit
- Yogurt
- Energy Bar
- Bakery Snacks
- Dairy/Yogurt Based Bev.

**Lunch**
- Fresh Veg.
- Fresh Fruit
- Salty Snacks
- Crackers
- Dried Meat Snacks

**Afternoon**
- Salty Snacks
- Snack Nuts
- Crackers
- Choco. Candy
- Cookies

**Evening**
- Salty Snacks
- Crackers

Source: IRI 2018 Snacking Survey
…with lifestyle being a main driver

75% want snacks that are **guaranteed fresh**  
+3 pts. vs. 2016

58% want snacks that contain **vitamins and minerals**  
+1 pt. vs. 2016

57% want all **natural snacks** or made with **natural ingredients**  
+1 pt. vs. 2016

44% want snacks made with **whole grains**  
NC

Source: IRI 2018 Snacking Survey
In Core Snacking, **functional, allergy and diet claims** were among the top increasers.

<table>
<thead>
<tr>
<th>Feature</th>
<th>2017 Absolute Growth vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omega DHA/I EPA</td>
<td></td>
</tr>
<tr>
<td>Dairy - Non Dairy</td>
<td></td>
</tr>
<tr>
<td>Vegan/Vegetarian</td>
<td></td>
</tr>
<tr>
<td>GMO - Non GMO Project Verified/ No/ No Added/ Not Treated With</td>
<td></td>
</tr>
<tr>
<td>Natural Sweetener</td>
<td></td>
</tr>
</tbody>
</table>

2017 $ % Chg vs YAGO

Source: IRI TSV_52 Weeks Ending 12/31/17
Functional claims were present on top growth categories over time and still growing, while dietary needs had largest year-over-year increases.
Organic snacks grew 9% in 2017, and social sentiment was positive. Word clouds share numerous common themes across claims.

57M
earned social mentions

Source: IRI TSV_52 Weeks Ending 12/31/17; $ % Chg vs YAGO
Source: IRI Social Advantage – Calendar Year 2017; trended charts show extra data from Oct 2016 in IRI Weeks (Mon-Sun)
Based on social activity, certified organic shares only a fraction of organic claim as a whole - consumers may assume that any organic claim must be officially certified.

1.3M of earned social mentions

+19% 3-year CAGR
We are seeing growth in current **plant-based snacks** and innovation to assist consumers with their lifestyle goals.

- **Root vegetable cassava** - combined with natural, *simple* ingredients that are gluten-free, non-G.M.O. and paleo-friendly.

- **Probiotics, plant-based adaptogens and herbs** - free from whey, dairy, grain, gluten and soy.

- **Packed with 10 grams of filling, plant-based protein from high quality ingredients, like soybeans and cassava** - Soy Protein, Tapioca, Soy Fiber, cassava, Topical Seasoning, Sunflower Oil.

- **Plant-based ingredients and nuts** and contain no artificial flavors, colors, or sweeteners. Contains 10g plant-based (pea and rice) protein, 8g fiber, 10% DV Iron.

- **Pumpkin seed bars featuring 8 grams of plant-based protein** - ingredients, such as quinoa, clover honey, ginger and turmeric.

- **Contain at least 20 grams of dairy-free protein** per bar with only 1 gram of sugar.

- **Made with pea protein**, sunflower oil, organic cane sugar and live active cultures, the yogurt alternatives are vegan, lactose-free, nut-free, soy-free, gluten-free and G.M.O.-free.

---

**Planted for success...Not just for Vegans**
Vegan snacks are driving significant growth with overall Vegan social sentiments total volume was 69M, were positive (90%), and trending upwards.

Source: IRI TSV_52 Weeks Ending 12/31/17; % Chg vs YAGO
Source: IRI Social Advantage – Calendar Year 2017; trended charts show extra data from Oct-2016 in IRI Weeks (Mon-Sun)
Paleo-friendly plant-based options are rising in popularity as well

Coconut +16.4%

Coconut flour tortilla chips that are USDA certified organic, Non-GMO Project verified, kosher, gluten-free, grain-free, dairy-free and refined sugar free. No artificial colors, flavors or preservatives and are vegan and paleo friendly.


Nut and seed butter, made with Rainforest Alliance Fair-Trade certified and paleo-approved chocolate, 100% USDA Organic and Non GMO Project verified cashews, almonds, Brazil nuts, flax seeds, chia seeds, hazelnuts and pumpkin seeds - sourced from paleo-approved coconuts.

Individually-wrapped bites are paleo friendly, vegan, kosher and gluten-free.
Paleo social sentiment was positive (91%) with weekly volume increased rapidly around March, 2017; Word clouds share numerous common themes across claims.
Variety and convenience have “pack-ed” products like these with growth

Rfg Meat/Cheese/Cracker/Dessert Snack +45%

Source: IRI 2018 Snacking Survey; IRI TSV_Week ending 12/31/17; NOTE: not all items listed are within the Rfg Meat/Cheese/Cracker/Dessert Snack definition
Bars continue to attract and retain consumers delivering on many important ingredients and flavors

- Nutritional/intrinsic health value bars: +1.8%
- Breakfast/cereal/snack bars: +0.9%
- All other snack/granola bars: +22.6%
Probiotic craze driving 1% overall snacking growth, however huge growth in some category segments

- **Nutritional/intrinsic health value bars**: +53.1%
- **Nutritional snack/trail mixes**: +48.6%
- **Dried Fruit**: +120.5%

40% of consumers want snacks that have ‘probiotics’ to help with digestion (+3pts vs. 2016)

Source: IRI TSV_52 Weeks Ending 12/31/17; $ % Chg vs YAGO/2018 IRI Snacking Survey
50% of consumers state they will pay more for snacks that are healthier

+5 points vs 2016
Consumers are now seeing egg-cellent snacking options and buying more this year

**Hard Boiled Eggs +6%**

**BACON N EGGS**
Contains two hard-boiled eggs and two slices of turkey bacon - gluten-free with **16 grams of protein**

**Wilcon Organic**
Intended for the convenience and vending channels

**READY EGG GO!**
Contains three protein-rich foods to deliver **18 to 21 grams of protein** per pack.

**Pro-Go Plus**
Hard-cooked egg with cheese and either trail mix or chocolate-coated almonds - **25 to 32 grams of protein** from a variety of sources

**Organic Valley**
Each single-serve pack contains two peeled, ready-to-eat organic, free-range eggs

**60%**
Want fresh, not processed (+3pts vs. 2016)

**65%**
Want an energy boost (+5pts vs. 2016)
Some consumers are still opting for other fruit forms vs fresh

Other Dried Fruit +2.3%

53%
Want a serving of fruits and vegetables (+4 pts vs. 2016)
Packaging is key for growth

57%

Of consumers feel that calories/fat/sugar information on the package is important

Source: IRI 2018 Snacking Survey
Today’s **Discussion**

1. **Macrosnack definition evolution**
2. **2018+ Snack growth drivers**
   - Lifestyle ingredients are winning
   - **Channel shake up**
   - Private Label capturing attention
   - For the fun of it
   - Niche evolution
   - Fragmenting flavors
   - The next big category?
   - Emerging trends impacting the industry
3. **Leveraging trends for success**

© 2018 Information Resources Inc. (IRI). Confidential and Proprietary.
Channels offering convenience for consumers are winning with macrosnacking; Drug still struggling

<table>
<thead>
<tr>
<th>Channel</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery</td>
<td>1.0%</td>
</tr>
<tr>
<td>Mass</td>
<td>3.3%</td>
</tr>
<tr>
<td>C-Store</td>
<td>2.8%</td>
</tr>
<tr>
<td>Club</td>
<td>0.3%</td>
</tr>
<tr>
<td>Online</td>
<td>27.8%</td>
</tr>
<tr>
<td>Drug</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Dollar</td>
<td>2.8%</td>
</tr>
<tr>
<td>All Other</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Source: IRI TSV_52 Weeks Ending 12/31/17; $ % Chg vs YAGO
Mass, Online and Convenience are driving more dollar sales growth than their fair share.

DOLLAR SHARE & SHARE OF GROWTH

<table>
<thead>
<tr>
<th>Category</th>
<th>Dollar Share</th>
<th>Share of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>GroceryX</td>
<td>40%</td>
<td>17%</td>
</tr>
<tr>
<td>Mass</td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>Conv</td>
<td>15%</td>
<td>18%</td>
</tr>
<tr>
<td>Club</td>
<td>10%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Drug</td>
<td>4%</td>
<td>-3%</td>
</tr>
<tr>
<td>Online</td>
<td>2%</td>
<td>21%</td>
</tr>
<tr>
<td>Dollar</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: IRI TSV_52 Weeks Ending 12/31/17
eCommerce continues to drive double-digit growth across several categories!

- Dry Fruit Snacks: 81%
- Salty Snacks: 58%
- Non-Choc. Candy: 44%
- Rfg Dips: 41%
- Gum: 37%
- Popcorn: 31%
- Dried Meat Snacks: 31%
- Snack Nuts: 27%
- Choco. Candy: 27%
- Snack/Granola Bars: 19%

Source: IRI Total Ecommerce-RMA; Calendar Year 2017 Ending 12-31-17
Online does not have a “lock” on snacking growth. **In fact 39% of consumers don’t think to purchase snacks online.**

- **22%** Too expensive
- **21%** Concerned about crushed products
- **16%** Concerned about the products melting

Source: IRI 2018 Snacking Survey
Channel preferences require targeted messaging and assortment for increased appeal across generations

<table>
<thead>
<tr>
<th>Channel</th>
<th>Younger Millennial</th>
<th>Older Millennial</th>
<th>Gen X</th>
<th>Boomer Young</th>
<th>Boomer Old</th>
<th>Seniors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>C-Store</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Club</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Online</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Drug</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Dollar</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IRI Consumer Network_52 Weeks ending 12-31-17
Collaboration between retailers and manufacturers should leverage the checkout and/or shopper loyalty cards to continue driving snack growth.

50% of consumers say Shopper loyalty card discounts influence their snack choice (+2 pts. vs. 2016)

38% of consumers say the snacks found at the checkout influence their snack choice (+8 pts. vs. 2016)

Source: IRI 2018 Snacking Survey
Today’s Discussion

1. Macrosnack definition evolution

2. 2018+ Snack growth drivers
   - Lifestyle ingredients are winning
   - Channel shake up
   - Private Label capturing attention
     - For the fun of it
     - Niche evolution
     - Fragmenting flavors
     - The next big category?
   - Emerging trends impacting the industry

3. Leveraging trends for success

© 2018 Information Resources Inc. (IRI). Confidential and Proprietary.
57%

when my budget is tight, I often switch to private label (or store brand) snacks

+3 points vs 2016
Private Brands have evolved into brands and tiers...
...and the core snack mix tiers have shifted to Premium and Organic
Private Brands core snacks assortment growing faster than other brands, providing their shoppers more choices with goal of increasing differentiation to competition.

TOTAL POINTS OF DISTRIBUTION IN US MULTI-OUTLET MARKET

<table>
<thead>
<tr>
<th>National Brands</th>
<th>Private Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.9%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>
Party essentials delivered to your door
In as little as one hour
START SHOPPING
Powered by instacart
Retailers adding private brands fresh prepared snacks stations to Perimeter
Today’s Discussion

1. Macrosnack definition evolution

2018+ Snack growth drivers

Lifestyle ingredients are winning
Channel shake up
Private Label capturing attention
For the fun of it
Niche evolution
Fragmenting flavors
The next big category?
Emerging trends impacting the industry

3. 

4. Leveraging trends for success
For yourself as a treat

Thinking about your most recent snack purchase, why did you purchase this snack?

63%
Crossovers are all over the place!
Categories, food service to retail, retail to food service

67% of snacks are FUN to eat (+5 pts vs 2016)

Krispy Kreme Doughnuts and Ghirardelli
Baskin Robbins’ Reese’s 3-Pointer

Hershey’s Cookies
M&M’s Ice Cream Novelties
Entenmann’s Chocolate bar
Oreo Ice Cream Novelties
Oreo Brownie

Source: IRI 2018 Snacking Survey
Snack mixes deliver on variety, convenience, savory + sweet and grew once again

Nutritional Snacks/Trail Mixes +1.6%

57% of consumers want snacks that can be eaten on the go (+18pts vs. 2016)
Cookies are not your grandmother’s cookies – varieties cross the gamut of benefits

Cookies (Energy+ Claims) +17%

AO Cookies (w/o Energy+ claims) +0.8%

Gluten-free, kosher and non-G.M.O. cookies are U.S.D.A.-certified organic and made with organic coconut, almond and walnut flours.

Sustainable Peruvian chocolate, cage-free eggs and hormone-free dairy and contain no high-fructose corn syrup, bioengineered ingredients or artificial colors or flavorings.

Vegan and gluten-free with 16 grams of protein and 10 to 12 grams of fiber.
Today’s Discussion

2018+ Snack growth drivers

1. Lifestyle ingredients are winning
   Channel shake up
2. Private Label capturing attention
   For the fun of it
3. Niche evolution
   Fragmenting flavors
   The next big category?
4. Emerging trends impacting the industry

Macrosnack definition evolution

Leveraging trends for success
When we look at Niche product evolution we find that in some categories, niche is a significant growth driver...

- **9.5%** to **11%**
  - 2014 $ SHARE to 2017 $ SHARE
  - $ % chg – Outpacing Mainstream By 2.4 Points

- **4.4%**
  - $ % chg – Outpacing Mainstream By 2.4 Points

- **22%** to **31%**
  - 2014 $ SHARE to 2017 $ SHARE
  - $ % chg – Outpacing Mainstream By 21.4 Points

Source: IRI TSV 52 Weeks Ending 12/31/17; Niche defined as <170 base price index to category
...similar for cookies and meat snacks...

13.2%  →  15.5%
2014 $ SHARE  →  2017 $ SHARE

7.5%  →  
% chg – Outpacing Mainstream By 6.4 Points

7.8%  →  10.9%
2014 $ SHARE  →  2017 $ SHARE

+8.3%  → 
% chg – Outpacing Mainstream by 4.7 points

Source: IRI TSV_52 Weeks Ending 12/31/17; Niche defined as <170 base price index to category
While in other categories these products are not as impactful ...
...similar for niche potato chips as well

1.8% 2.8%

2014 $ SHARE 2017 $ SHARE

1.1%

$ % chg – Not Outpacing Mainstream

We have found that Niche tends to be successful when ingredients, flavors and packaging are “premiumtized”
In addition, Niche continues to gain traction because of the channel and location expansion.
Today’s Discussion

1. Macrosnack definition evolution

2018+ Snack growth drivers

- Lifestyle ingredients are winning
- Channel shake up
- Private Label capturing attention
- For the fun of it
- Niche evolution

- Fragmenting flavors
  The next big category?

- Emerging trends impacting the industry

4. Leveraging trends for success
Flavors are critical in snacking

91% want a flavor they prefer (+3 pts vs. 2016)

34% want exotic flavors

Source: IRI 2018 Snacking Survey
Seasonal confections represented 58% of confections growth and we see the fun flavors and seasonal assortments extending into snacking as well.
In fact, Pumpkin “spiced” many snack items in 2017
Traditional flavors saw strong growth in 2017

- Hot/Spicy: +14%
- Cheese: +12%
- Tomatoes: +7%

Source: IRI TSV_52 Weeks Ending 12/31/17; $ % Chg vs YAGO
However we are seeing a fragmentation of flavors evolving.
The fragmentation is delivering with fun and exciting flavor combinations.

FROM
- Sour Rainbow Berries +28%
- Wild Berry +7%
- Aronia Berry +23%

TO
- Sour Very Berry +70%
- Tropical Wild Berry +19%
The flavor combinations build excitement across the snacking universe

FROM

- Cream Cheese Onion
- 4 Cheese +5%
- 3 Cheese +19%

TO

- Queso Cheese +20%
- Parmesan +177%
- $15.3M

Source: IRI TSV_52 Weeks Ending 12/31/17; $ % Chg vs YAGO
Bacon-flavored snacks were a still a fan favorite with +19% in sales

37% I love eating bacon-flavored snacks

38% Bacon-flavored snacks are a good way to satisfy my craving for bacon

Source: IRI 2018 Snacking Survey
Ensure you have the right messaging in your omni-channel approach because consumers use these tactics to gain information about a specific snack brand/product:

- **Product Packaging**: 59%
- **Friends & Family**: 47%
- **Store Signs**: 31%
- **Online Search Engine**: 24%
- **Brand/Manufacturer Website**: 21%

Source: IRI 2018 Snacking Survey
Today’s Discussion

2018+ Snack growth drivers

1. Lifestyle ingredients are winning
   Channel shake up
   Private Label capturing attention
   For the fun of it
   Niche evolution
   Fragmenting flavors

   **The next big category?**

2. Emerging trends impacting the industry

3.

4. Leveraging trends for success
IRI’s All Other Salted Snacks provides a “home” for non-traditional snacks
IRI’s All Other Salted Snacks provides a “home” for non-traditional snacks

SALTY
ASSORTMENT and PACKAGES

- Potato & Wheat
- Corn & Potato
- Onion
- Corn Crisps
- Potato Crisps
- Multigrain
- Rice & Corn
- Cauliflower
- Vegetable Crisps & Chips
- Peas
- Chickpeas
- Seaweed
- Bean (incl. Black, Garbanzo, Lentil, etc.)
Emerging snack types address a consumer interest

50%

Of consumers eat snacks that add excitement to their daily diet

+19 pts vs 2016

Source: IRI 2018 Snacking Survey
Within All Other Salted Snacks, flavor variety is capturing consumers

- HOT & SPICY: +12%
- BBQ: +4%
- TERIYAKI: +35%
- SALTY & VINEGAR: +17%
- TTL CHEESE: +17%
- GARLIC: +3%
- GARLIC: +3%
- MAPLE: +11%
- ALMOND: NEW+
- FRUIT BLEND: +52%
- LEMON: +34%
- COCONUT: +47%
- NEW & GROWING: CRANBERRY, APPLE, BANANA, ORANGE

- SALSA: +9%
- BACON: +25%
- BEEF: NEW+
- LIME: $+95%
- ONION: +2%
- OTHER VEG: +7%
86% of consumers seek snacks that are a good value for the money.
56%

Of consumers eat snacks that have convenient portion sizes

+2 pts vs 2016

Source: 2016 IRI Snacking Survey
Variety is STILL King

12%  $ % Chg vs YAGO

8%  $ 3-year CAGR
These type products are poised for more growth over the next few years

- BEANS +25%
- CHICKPEAS +35%
- ASSORTED/VARIETY +7%
Today’s Discussion

1. Macrosnack definition evolution

2. Evolution trends 2017

3. 2018+ Snack growth drivers
   - Lifestyle ingredients are winning
   - Channel shake up
   - Private Label capturing attention
   - For the fun of it
   - Niche evolution
   - Fragmenting flavors
   - The next big category?

4. Leveraging trends for success

Emerging trends impacting the industry
Lifestyle snacks communicate consumer leading attributes

Source: Zoe’s Kitchen
We are starting to see collagen in snacks…

- a nut and seed butter bar featuring grass-fed collagen and cacao nibs, with 10 grams of protein

- a collagen supplement company - Collagen Cookie Bar with 12 or 13 grams of protein per serving.

- protein bars that contain “more collagen than a cup of bone broth,” according to the company
...and smoothies delivered in pouches
New ingredients are starting to be found in snack products

FLOWERS
Such as Lavender or Hibiscus

Grain Arancini
Our ‘on the go’ society must need to be alert more than ever before with these “not your coffee” caffeine buzz products

Each piece contains 40 milligrams of caffeine, the equivalent of half of a cup of coffee.

Certified gluten-free, grain-free and vegan snack bars are infused with either cold brew coffee, black tea or green tea and contain 70 mg of caffeine. The bars are U.S.D.A. certified organic, non-G.M.O. and kosher.

70 mg of caffeine from guarana seed and added acetyl L-carnitine.

Contains B vitamins and 80 mg of caffeine, features a liquid center and is sweetened with xylitol.
Our partners at SPINS have noted these trends in the natural and specialty channels:

- **Wella Bar**: Refrigerated wellness bars are up 61.3% over the prior year.
- **Lebby**: Pulse-based and snacking chocolate have sweet and protein appeal.
- **Farmer’s Pantry**: Innovative snacking kits deliver on taste and texture variety.
Monitor these trends, they may bridge from **foodservice to retail** in the next few years.

**Chia Pudding Bowls**  
Source: Jamba Juice

**Korean Flavors/Ingredients**  
Source: Bruegger’s Bagels

**“Spirit Snacks”**  
Source: Starbucks
Today’s Discussion

1. Macro snack definition evolution
2. 2017 trends
3. 2018+ Snack growth drivers
4. Leveraging trends for success
Follow the trends for additional success

Continue to innovate for lifestyle changes across generations - Seasonal innovation & assortment are key for additional growth

Leverage packaging as your billboard communicating your differentiation and benefits

Channel strategies, unique positioning and assortments will win

Develop and/or enhance exciting flavor combinations that appeal to the US palate
Follow the trends for additional success

Learn from social media “voices” for innovation and messaging

Leverage the learning with targeted messaging to deliver a better ROI

Remember - consumers like to be treated

Look to food service for emerging trend inspiration and potential collaboration
THANK YOU!

SALLY LYONS WYATT
Sally.lyonswyatt@iriworldwide.com
Appendix
The category breaks have been based on consumer attributes – part 1

### WELLNESS

<table>
<thead>
<tr>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple Chips</td>
</tr>
<tr>
<td>Bagels and Bialys (GF+ Claims)</td>
</tr>
<tr>
<td>Bfast Cereal and Snk Bars (Other Natural+ Claims)</td>
</tr>
<tr>
<td>Breakfast Drink Mixes</td>
</tr>
<tr>
<td>Canned/Bottled Fruit (Non GMO+GF+Low Sugar+Organic+ Claims)</td>
</tr>
<tr>
<td>Cappuccino/Iced Coffee (Fat+ Claims)</td>
</tr>
<tr>
<td>Cheese Snacks (Fat+ Claims)</td>
</tr>
<tr>
<td>Chutney</td>
</tr>
<tr>
<td>Cottage Cheese (Fat+ Claims)</td>
</tr>
<tr>
<td>AO Cottage Cheese (w/o Fat+ Claims)</td>
</tr>
<tr>
<td>Crackers (Other Grain+ Claims)</td>
</tr>
<tr>
<td>Cream Cheese and Spreads (Fat+ Claims)</td>
</tr>
<tr>
<td>AO Cream Cheese and Spread (w/o Fat+ Claims)</td>
</tr>
<tr>
<td>Dried Fruit</td>
</tr>
<tr>
<td>Dried Meat Snacks (Fat+ Claims)</td>
</tr>
<tr>
<td>Dry Fruit Snacks (Gluten Free + Organic + Non GMO+ Claims)</td>
</tr>
<tr>
<td>English Muffins (GF+Multigrain+Calorie+ Claims)</td>
</tr>
<tr>
<td>Fresh Eggs</td>
</tr>
<tr>
<td>FZ Fruit</td>
</tr>
<tr>
<td>Granola Bars (Natural+Organic+Non GMO+Grain+ Claims)</td>
</tr>
<tr>
<td>Jams Jellys and Honey (Organic+Low Sugar+Low Fat+ Claims)</td>
</tr>
<tr>
<td>Kernel Popcorn (Organic+Natural+Home Grown+ Claims)</td>
</tr>
<tr>
<td>AO Kernel Popcorn (w/o Organic+Natural+Home Grown+ Claims)</td>
</tr>
<tr>
<td>Luncheon Meats (Natural+No Preservatives+ Claims)</td>
</tr>
<tr>
<td>Microwave Popcorn (Fat+Organic+Natural/Organic+ Claims)</td>
</tr>
<tr>
<td>Natural Cheese (Fat+ Claims)</td>
</tr>
<tr>
<td>AO Natural Cheese (w/o Fat+ Claims)</td>
</tr>
<tr>
<td>Nutri and Intri Hlt Vl Vl Bars (Other Protein+ Claims)</td>
</tr>
<tr>
<td>Nutritional Snacks/Trail Mixes</td>
</tr>
<tr>
<td>Olives</td>
</tr>
<tr>
<td>Peanut Butter (Non GMO+Low Fat+Organic+Sugar+ Claims)</td>
</tr>
<tr>
<td>Picante Sauce</td>
</tr>
<tr>
<td>Pickles</td>
</tr>
<tr>
<td>Potato Chips (High Fiber + Low Fat+ Claims)</td>
</tr>
<tr>
<td>Pretzels (Fat+ Claims)</td>
</tr>
<tr>
<td>Refrigerated Meat/Cheese/Cracker/Dessert Relish</td>
</tr>
<tr>
<td>RFG Appetizers/Carrier Rolls – Sushi</td>
</tr>
<tr>
<td>Rfg English Muffins (Multigrain+Fat+ Claims)</td>
</tr>
<tr>
<td>Rfg Flav Spreads (Fat+ Claims)</td>
</tr>
<tr>
<td>AO Rfg Flav Spreads (w/o Fat+ Claims)</td>
</tr>
<tr>
<td>AO Rfg Juc and Drk Smoothies (w/o Other Protein+ Claims)</td>
</tr>
<tr>
<td>RFG Honey</td>
</tr>
<tr>
<td>Rfg Juc and Drk Smoothies (Other Protein+ Claims)</td>
</tr>
<tr>
<td>RFG Marinated Vegetables/Fruit</td>
</tr>
<tr>
<td>Rtg Peanut Butter (100% Natural+ Claims)</td>
</tr>
<tr>
<td>RFG Pickles</td>
</tr>
<tr>
<td>RFG Relishes/Appetizer Relish</td>
</tr>
<tr>
<td>Rice Cakes/Popcorn Cakes</td>
</tr>
<tr>
<td>RTE Cereal (Grain+ Claims)</td>
</tr>
<tr>
<td>RTE Popcorn Savory (Fat+ Claims)</td>
</tr>
<tr>
<td>RTE Popcorn Sweet (Fat+ Claims)</td>
</tr>
<tr>
<td>Salsa</td>
</tr>
<tr>
<td>Snack Nuts</td>
</tr>
<tr>
<td>Snk and Granola Bars (GMO+ Claims)</td>
</tr>
<tr>
<td>Soups - BFY</td>
</tr>
<tr>
<td>Specialty Nut Butter (Non GMO+Natural/Organic+ Claims)</td>
</tr>
<tr>
<td>Sunflower/Pumpkin Seeds</td>
</tr>
<tr>
<td>Total Snack Size Produce</td>
</tr>
<tr>
<td>Yogurt (Fat+ Claims)</td>
</tr>
<tr>
<td>AO Yogurt (w/o Fat+ Claims)</td>
</tr>
</tbody>
</table>

### PERMISSIBLE INDULGENCE

<table>
<thead>
<tr>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>AO Appetizers/Carrier Rolls (w/o Sushi)</td>
</tr>
<tr>
<td>AO BAGELS/BIALYS (w/o GF+ Claims)</td>
</tr>
<tr>
<td>AO Bfast Cereal and Snk Bars (w/o Other Nat+ Claims)</td>
</tr>
<tr>
<td>AO Canned/Bottled Fruit (w/o Non GMO+GF+Low Sugar+Organic+ Claims)</td>
</tr>
<tr>
<td>AO Cappuccino/Iced Coffee (w/o Fat+ Claims)</td>
</tr>
<tr>
<td>AO Cheese Snacks (w/o Fat+ Claims)</td>
</tr>
<tr>
<td>AO Dried Meat Snacks (w/o Fat+ Claims)</td>
</tr>
<tr>
<td>AO Dry Fruit Snacks (w/o Gluten Free + Organic + Non GMO+ Claims)</td>
</tr>
<tr>
<td>AO English Muffins (w/o GF+Multigrain+Calorie+ Claims)</td>
</tr>
<tr>
<td>AO Granola Bars (w/o Natural+Organic+Non GMO+Grain+ Claims)</td>
</tr>
<tr>
<td>AO Jams Jellys and Preserves (w/o Organic+Low Sugar+Low Fat+ Claims)</td>
</tr>
<tr>
<td>AO Luncheon Meats (w/o Natural+No Preservatives+ Claims)</td>
</tr>
<tr>
<td>AO Nutri and Intri Hlt Vl Vl Bars (w/Other Protein+ Claims)</td>
</tr>
<tr>
<td>AO Peanut Butter (w/o Non GMO+Low Fat+Organic+Sugar+ Claims)</td>
</tr>
<tr>
<td>AO Pretzels (w/o Fat+ Claims)</td>
</tr>
<tr>
<td>AO Rfg English Muffins (w/o Multigrain+Fat+ Claims)</td>
</tr>
<tr>
<td>AO Rfg Peanut Butter (w/100% Natural+ Claims)</td>
</tr>
<tr>
<td>AO RTE Cereal (w/o Grain+ Claims)</td>
</tr>
<tr>
<td>AO Snack and Granola Bars (w/o GMO+ Claims)</td>
</tr>
<tr>
<td>AO Specialty Nut Butter (w/o Non GMO+Natural/Organic+ Claims)</td>
</tr>
<tr>
<td>Carob/Yogurt Coated Snacks</td>
</tr>
<tr>
<td>Chocolate Covered Salted Snacks</td>
</tr>
<tr>
<td>Cookies (Energy+ Claims)</td>
</tr>
<tr>
<td>Crackers (w/o Other Grain+ Claims)</td>
</tr>
<tr>
<td>Cupcakes and Brownies (GF+ Claims)</td>
</tr>
<tr>
<td>Fz App and Snk Rolls (Protein+Natural+ Claims)</td>
</tr>
<tr>
<td>Fz HH Entrees Non Bistrad (GF+ Claims)</td>
</tr>
<tr>
<td>Fz Ice Cream and Ice Milk Desserts (100% Natural+ Claims)</td>
</tr>
<tr>
<td>Fz Jams Jellys and Preserves (100% Natural+ Claims)</td>
</tr>
<tr>
<td>Fz Novelties (100% Natural+ Claims)</td>
</tr>
<tr>
<td>Fz Pizza (100% Natural+ Claims)</td>
</tr>
<tr>
<td>FZ Pretzels</td>
</tr>
<tr>
<td>FZ Yogurt/Tofu</td>
</tr>
<tr>
<td>Ice Cream (Low Fat+High Protein+Organic+ Claims)</td>
</tr>
<tr>
<td>Ice Milk and Fz Dairy Desserts (Low Fat+Gluten Free+Natural+ Claims)</td>
</tr>
<tr>
<td>Ice Pop Novelty (Natural+Low Fat+ Claims)</td>
</tr>
<tr>
<td>Muffins (Gluten Free+Low Fat+Natural+Grain+ Claims)</td>
</tr>
<tr>
<td>Oth Salted Snack xNuts (Gluten Free+Non GMO+Low Fat+ Claims)</td>
</tr>
<tr>
<td>Pork Rinds</td>
</tr>
<tr>
<td>Rtg Bagels and Bialys (Low Fat+Grain+ Claims)</td>
</tr>
<tr>
<td>Rtg Desserts (Low Sugar+Gluten Free + Natural+ Claims)</td>
</tr>
<tr>
<td>Rtg Dips (Fat Claims+Natural+Calories/serving+ Claims)</td>
</tr>
<tr>
<td>Rtg Pizza (GF Claims+Natural/Organic+ Claims)</td>
</tr>
<tr>
<td>RFG Ready-to-Drink Coffee</td>
</tr>
<tr>
<td>Sherbet/Sorbet/Ices</td>
</tr>
<tr>
<td>SS Bottled Juice and Drink Smoothies</td>
</tr>
<tr>
<td>Tortilla and Tostada Chips (100% Natural+ Claims)</td>
</tr>
<tr>
<td>Tortilla/Bagel/Wonton Wrap - RFG</td>
</tr>
</tbody>
</table>

© 2018 Information Resources Inc. (IRI). Confidential and Proprietary. 93
The category breaks have been based on consumer attributes – part 2

**TRUE INDULGENCE**

- Aerosol/Squeezeable Cheese Spreads
- AO Cookies (w/o Energy+ claims)
- AO Fz App and Snk Rolls (w/o Protein+Natural+ Claims)
- AO Fz HH Entrees Non Bkfast (w/o GF+ Claims)
- AO Fz Ice Cream and Ice Milk Desserts (w/o 100% Natural+ Claims)
- AO Fz Jams Jellies and Preserves (w/o 100% Natural+ Claims)
- AO Fz Novelties (w/o 100% Natural+ Claims)
- AO Ice Cream (w/o Low Fat+High Protein+Organic+ Claims)
- AO Ice Milk and Fz Dairy Desserts (w/o Low Fat+Gluten Free+Natural+ Claims)
- AO Ice Pop Novelty (w/o Natural+Low Fat+ Claims)
- AO Muffins (w/o Gluten Free+Low Fat+Natural+Grain+ Claims)
- AO Oth Salted Snack xNuts (w/o Gluten Free+Non GMO+Low Fat+ Claims)
- AO Potato Chips (w/o High Fiber + Low Fat+ Claims)
- AO Rtg Pastry/Danish/Coffee Cakes (w/o GF+ Claims)
- AO Rtg Bagels and Bialys (w/o Low Fat+Grain)
- AO Rtg Desserts (w/o Low Sugar+Gluten Free + Natural+ Claims)
- AO Rtg Dips (w/o Fat Claims+Natural+Calories/serving+ Claims)
- AO Rtg Pizza (GF Claims+Natural/Organic+ Claims)
- AO Rtg Snack Cakes and Donuts (w/o GF+ Claims)
- AO Tortilla and Tostada Chips (w/o 100% Natural+ Claims)
- Corn Snacks (No Tortilla Chips)
- Cupcakes and Brownies (w/o GF+ Claims)
- Dip/Dip Mixes SS
- Doughnuts
- FZ Cookies
- FZ Dips

**CORE INDULGENT**

- FZ Onion Rings
- Fz Pizza (w/o 100% Natural+ Claims)
- FZ Pizza Kits/Toppings
- FZ Plain Potatoes/Fries/Hashbrowns
- Fz Tortillas
- Microwave Popcorn (w/o Fat+Organic+Natural/Organic+ Claims)
- Pastry/Danish/Coffee Cakes
- Rtg Pastry/Danish/Coffee Cakes (GF+ Claims)
- RFG Handheld Non-Breakfast Entrees
- Rtg Snack Cakes and Donuts (GF+ Claims)
- RTE Popcorn Savory (w/o Fat+ Claims)
- RTE Popcorn Sweet (w/o Fat+ Claims)
- SS Toaster P pastries and Pop Tarts (Organic+GF+ Claims)
- AO SS Toaster Pastries and Tarts (w/o Organic+GF+ Claims)
- Toasted Corn Nut Snacks
- True Indulg - Soups
- Chocolate Candy
- Non-Chocolate Candy
- Regular Breath Fresheners
- Regular Gum (No Sugarless)
- SF Breath Fresheners
- Sugarless Gum
Claim reference guide

- FAT CLAIMS NO/ LOW/ LESS
- GLUTEN FREE CLAIMS
- GMO CLAIMS NON GMO PROJECT VERIFIED/ NO/ NO ADDED/ NOT TREATED WITH
- 100 PERCENT NATURAL CLAIMS
- SODIUM OR SALT CLAIMS NO/ LOW/ LESS
- ORGANIC CLAIMS 100%/ USDA/ CERTIFIED/ MADE WITH
- SUGAR CLAIMS NO/ LOW/ LESS
- PROTEIN CLAIMS HIGH/ SOURCE/ MORE
- FIBER CLAIMS HIGH/ SOURCE/ MORE