



What Does the Future Hold?

IPA WORLD CONGRESS 2013

Tuesday, November 5th

There is only 1 truly relevant topic:

Projected Supply and Grower Implications

*If we know the **SUPPLY** –we know the expected market price*

If we know the market price –we know the grower payment

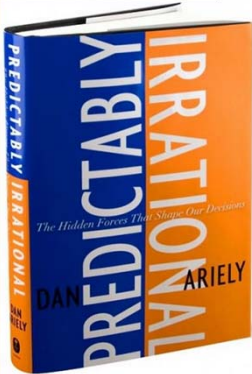
If we know the grower payment, we have an obligation to inform growers –to let them make informed decisions



Significant South America Overplanting
Unsustainable Grower Pricing

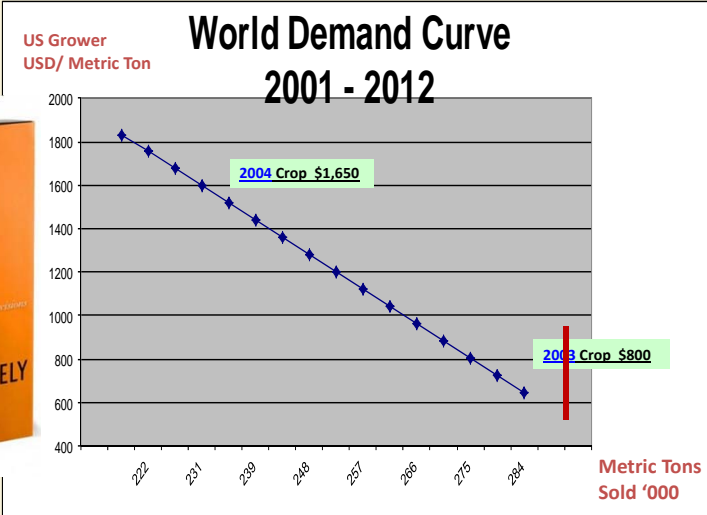
- Will get even worse until significant acreage removed due to painful pricing
- The industry cannot “market its way” out of this issue

IPA 2010 – Cape Town, SA



World Demand Curve 2001 - 2012

US Grower USD/ Metric Ton



Year	Price (USD/Metric Ton)
2004	\$1,650
2008	\$800

In 2004, Where should growers have expected prices to trend?
IPA statistics projected annual production at 300K+

2012 – Santiago, Chile
2013 – Rancagua, Chile

There is only 1 truly relevant topic:

Projected Supply and Grower Implications

*If we know the **SUPPLY** –we know the expected market price*

If we know the market price –we know the grower payment

*If **we** know the grower payment, **we** have an obligation to inform growers –to let them make informed decisions*

5

Dried Fruit & Nut Chile 2012

Prediction

If California and Chile act rationally

2013 to 2015

Today's prices will continue (based on supply projections) then firm quickly with the first meaningful California or Chile crop shortfall.

2016 to 2023

Let proven demand growth precede planting to insure sustainable and steadily increasing prices to growers and result in a healthy industry

6

Dried Fruit & Nut Chile 2012
Prediction
If California and Chile act **irrationally**

2013 to 2015

Today's prices will continue (based on supply projections) then firm quickly with the first meaningful California or Chile crop shortfall.

2016 to 2023

The industry will repeat 2004/2005 by planting acreage and plunge the industry another 5+ year shakeout period of too much acreage.

7

Will crop disaster history repeat itself?

The only hope for “commodity” growers in the prune industry is for...

“commodity growers and handlers” in **South America and **California** to act rationally...”**

8



JUVENILE COURT: America's Most Neglected Kids

TIME

Is Bill Clinton For Real?

Why both hype and substance have made him the Democrats' rising star

In order to keep Bill Clinton's 1st Presidential campaign **on message**, James Carville hung a sign in Bill Clinton's campaign headquarters that read:

The economy, stupid

9

For ALL of us in the Prune Industry, we need to hang a sign in every exporting country –so that that every grower and handler knows

It's the Expected Supply, stupid

OR,

we know the **SUPPLY** – so we know the expected market price

we know the market price – so we know the expected grower payment

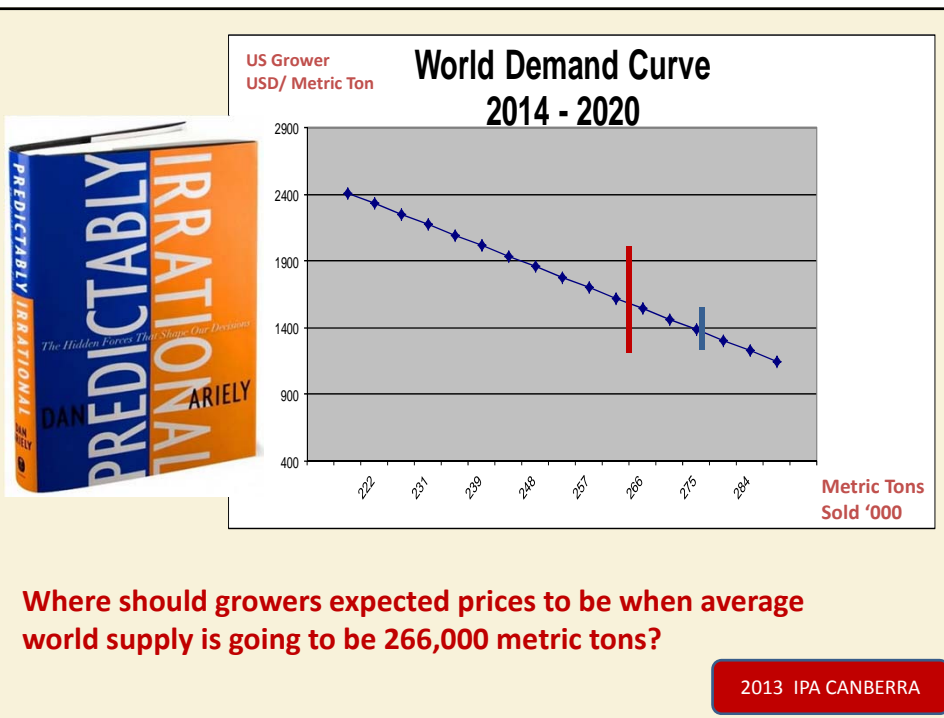
Please act accordingly

EXPECTED SUPPLY

	2008-2011 IPA Shipments	2012 IPA Shipments	2018 IPA Prod. Est.
Argentina	31	18	35
Australia	4	3	3
CA. USA	130	125	94
Chile	53	75	90
France	37	41	40
Italy	2	1	2
South Africa	2	1	2
World rnd.	259	264	266

*Numbers may not total due to rounding

11



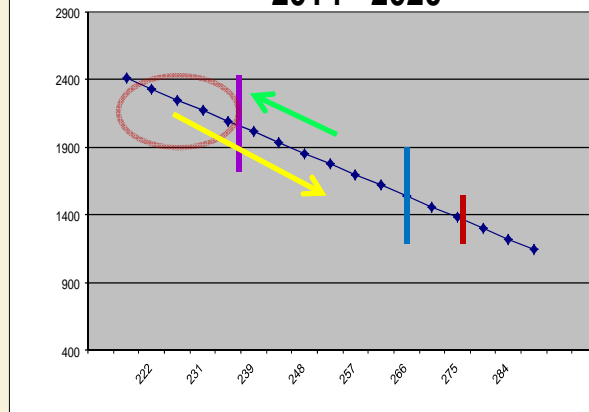
Has demand really changed in the last 15 years? How has the market responded to supply swings?

Crop Year	Production	TOTAL SUPPLY Less Imports	Total shipments	Revenue Grower USD/NCT Return	Revenue* Grower USD/NCT Return 1996 \$'s	AVERAGE TOTAL SUPPLY	AVERAGE TOTAL SHIPMENTS	AVERAGE SURPLUS	AVERAGE RETURN	AVERAGE RETURN 1996 \$'s
1996	291,527	385,040	256,158	945	945	359,321	259,593	99,728	908	891
1997	242,462	385,407	259,490	917	899					
1998	161,801	307,516	263,130	862	829					
1999	216,932	297,954	250,260	970	914					
2000	262,803	337,537	258,686	894	826	354,072	274,678	79,394	804	714
2001	228,703	337,696	268,369	761	689					
2002	256,780	346,260	263,945	902	801					
2003	274,510	378,259	291,719	749	652					
2004	145,814	257,180	223,649	1,706	1,456	362,810	275,991	86,819	1,529	1,254
2005	196,248	249,699	230,597	1,629	1,363					
2006	322,075	362,810	275,991	1,529	1,254					
2007	198,107	311,747	264,121	1,563	1,257					
2008	230,818	298,392	230,982	1,640	1,293	365,441	279,371	86,070	1,250	938
2009	289,650	375,764	263,968	1,203	930					
2010	251,103	377,979	286,908	1,208	915					
2011	245,857	356,920	279,233	1,289	958					
2012	263,673	351,102	287,375	1,300	947					
2013	198,380									

* 2% discount Rate

13

World Demand Curve 2014 - 2020



2013 – 2014: Economic Modeling not robust enough to project crop disasters

2015 – 2020: Average crops will force returns back to 266K metric tons, an improvement over 279K metric tons of recent years

Sunsweet does not expect acreage to stabilize until another 20,000 metric tons (4,000 hectares) drives grower returns to sustain \$2,000+ returns.

14



What Does the Future Hold?

IPA WORLD CONGRESS 2013

Tuesday, November 5th