Florida Orange Juice Outlook, Research, and Marketing

presentation to the 2022 International Citrus & Beverage Conference

Florida Citrus™

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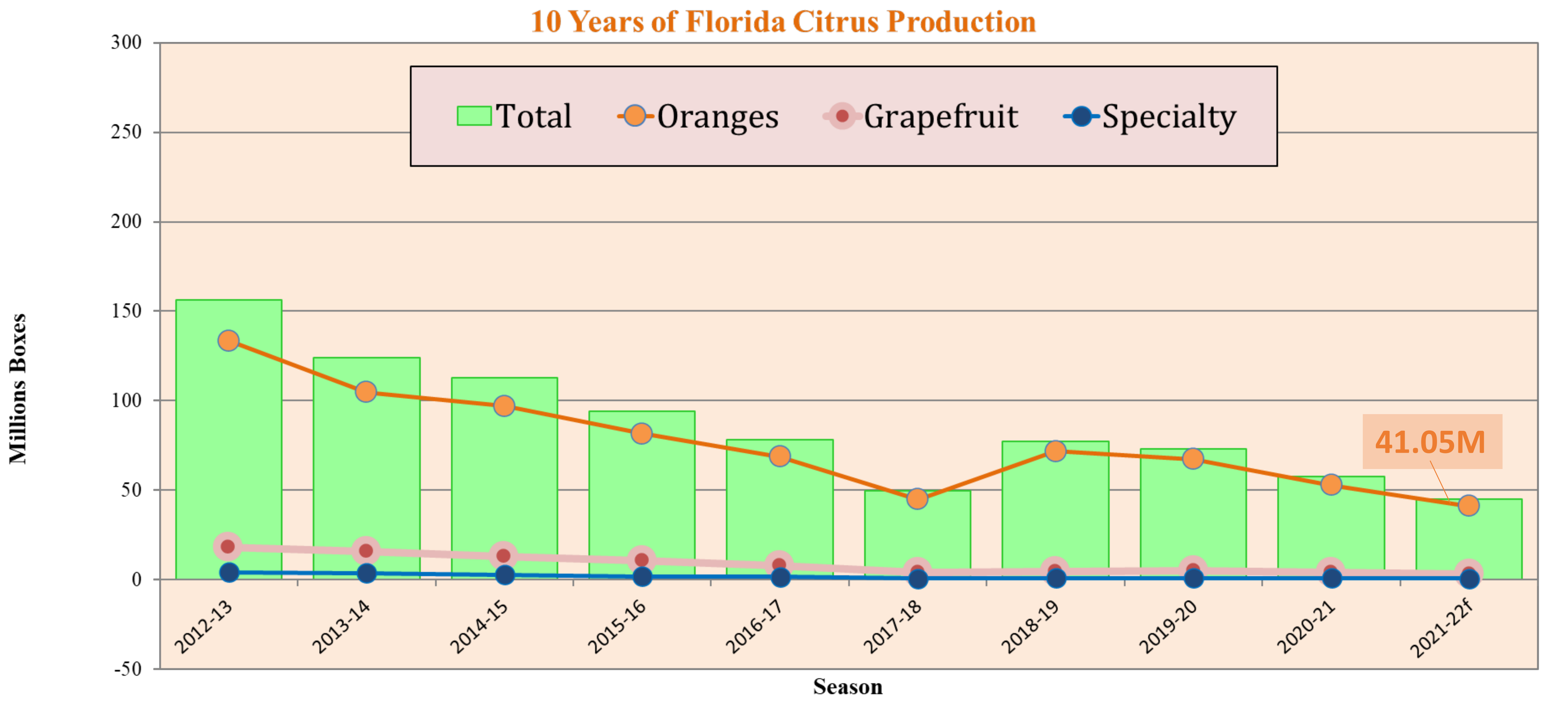
Inflation in citrus categories

- Demand-pull inflation – crop shortages, pandemic, supply chain constraints
- Cost-push inflation – HLB, freeze, increased cost of inputs, high labor costs
- Reduced retail trade promotion

Decline in Florida production due to HLB/Irma

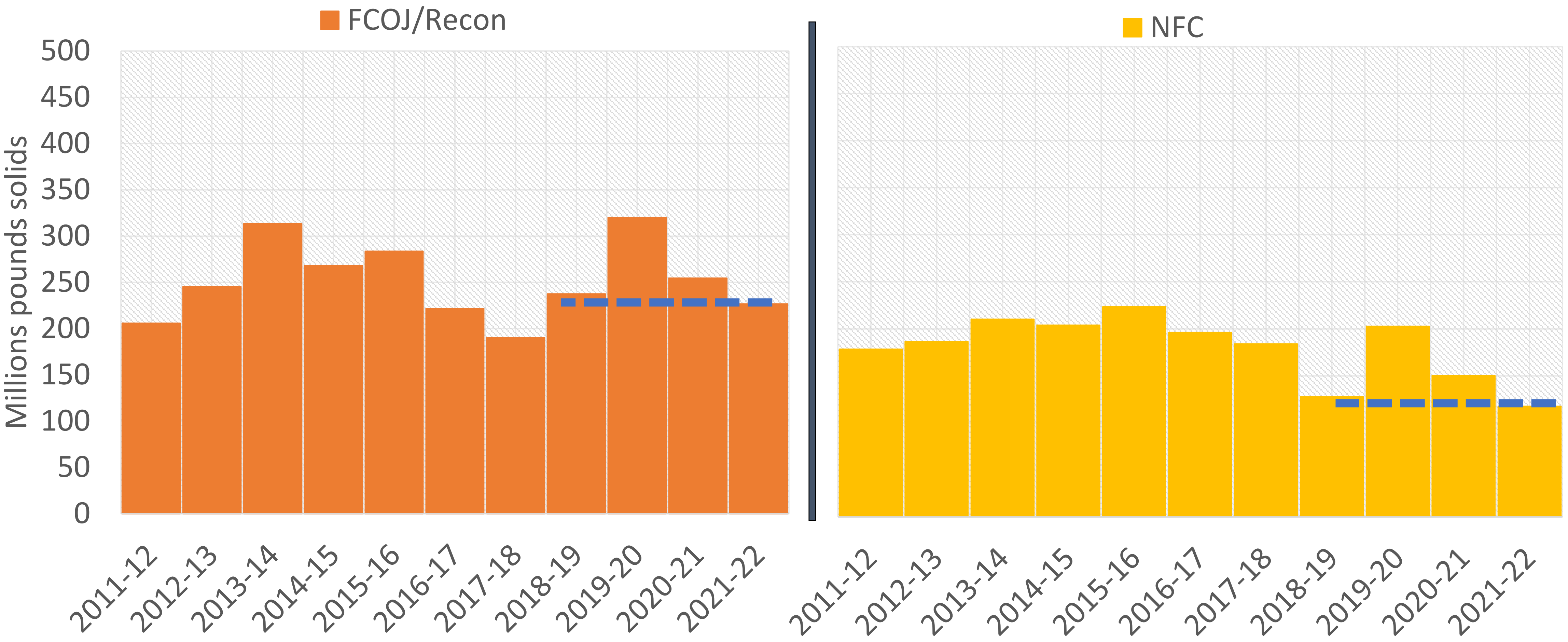


Source: USDA

Florida OJ Availability in 21-22 Season

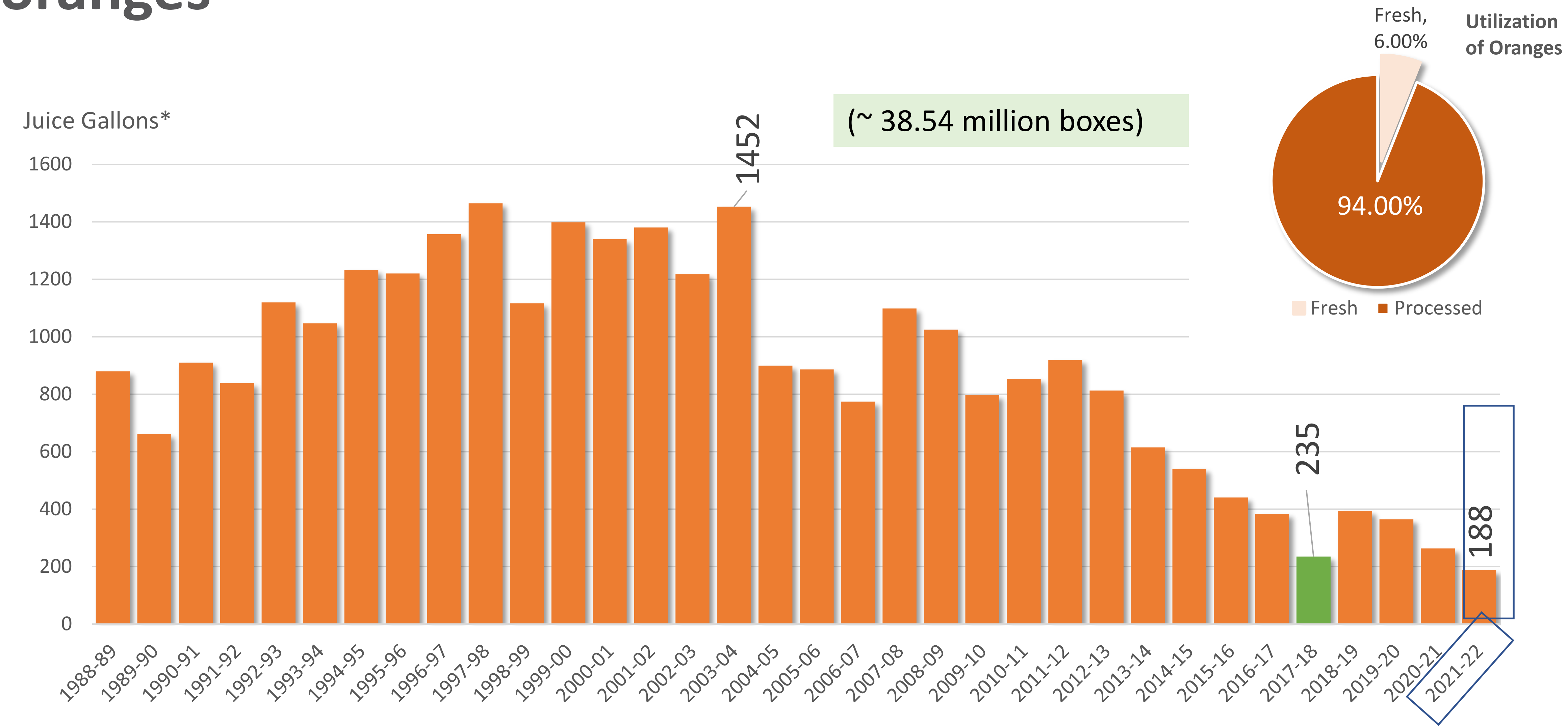
- Beginning inventory
- Pack from Fruit: production, juice yields
- Imports (FCOJ, SSOJ*)
- Movement (Domestic, Exports)
- Ending Inventory
- External Trends* (Fruit drop, Covid-19, freeze, etc.)

FL OJ Beginning Inventory – October 2021
FCOJ/Recon ↓11%, NFC ↓22%, YOY



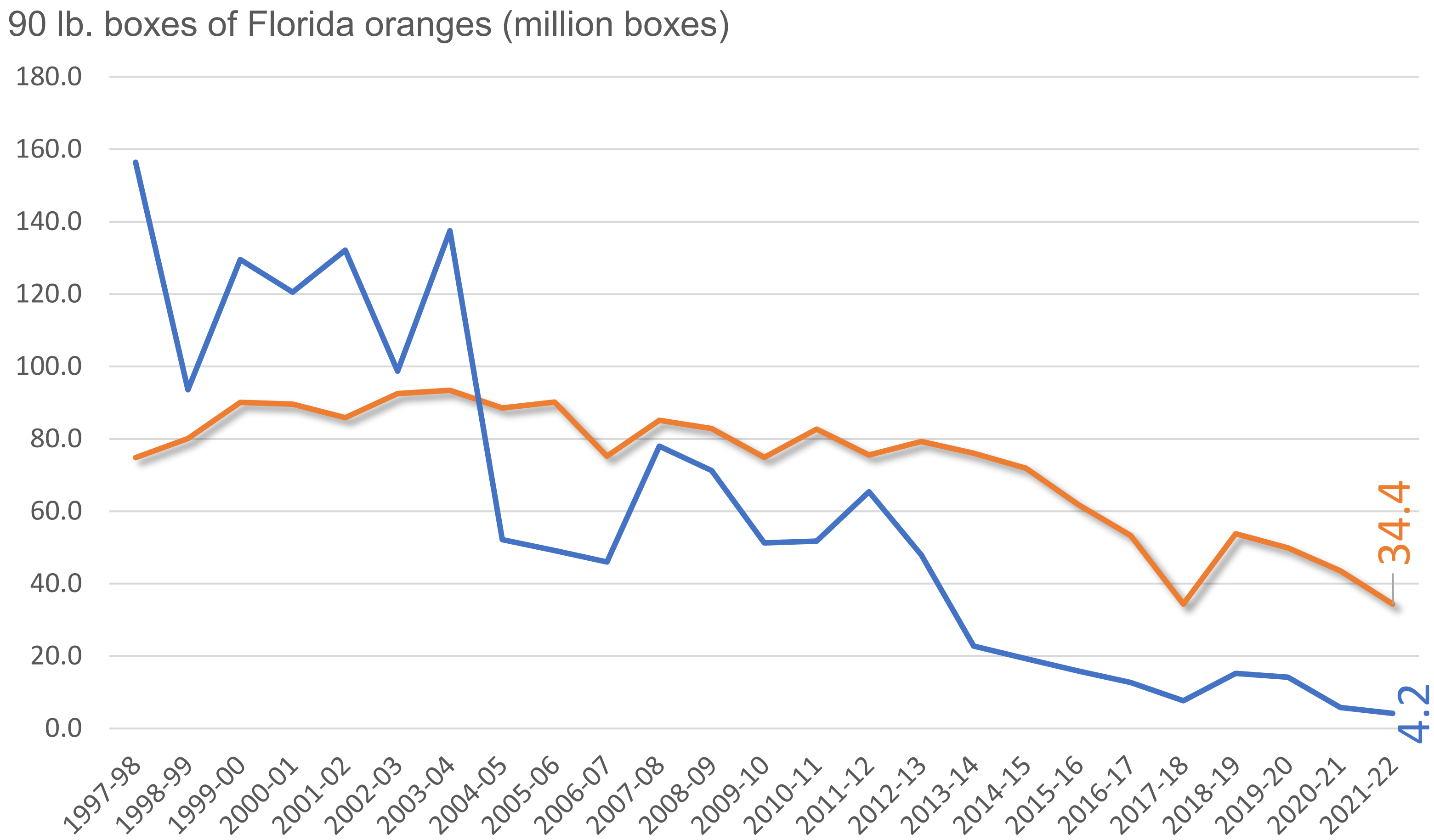
Florida Citrus Season (August - July)

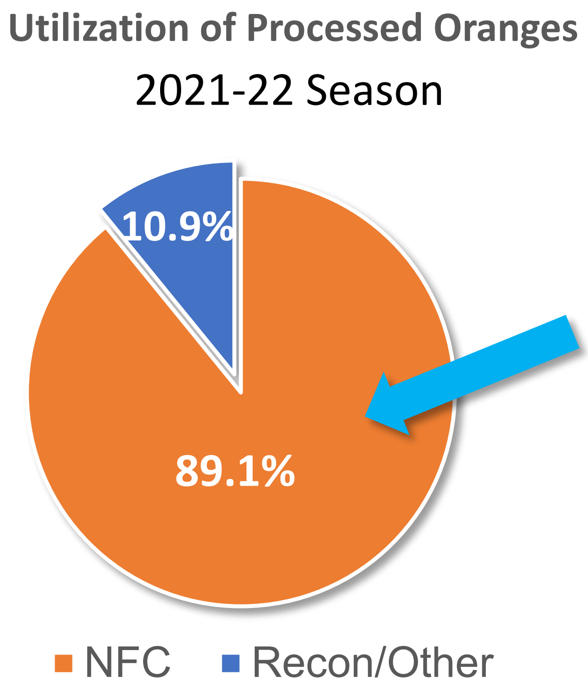
Gallons of OJ produced from all Florida-sourced oranges



Conversion: 1 single-strength equivalent gallon of orange juice = 1.029 pounds solids

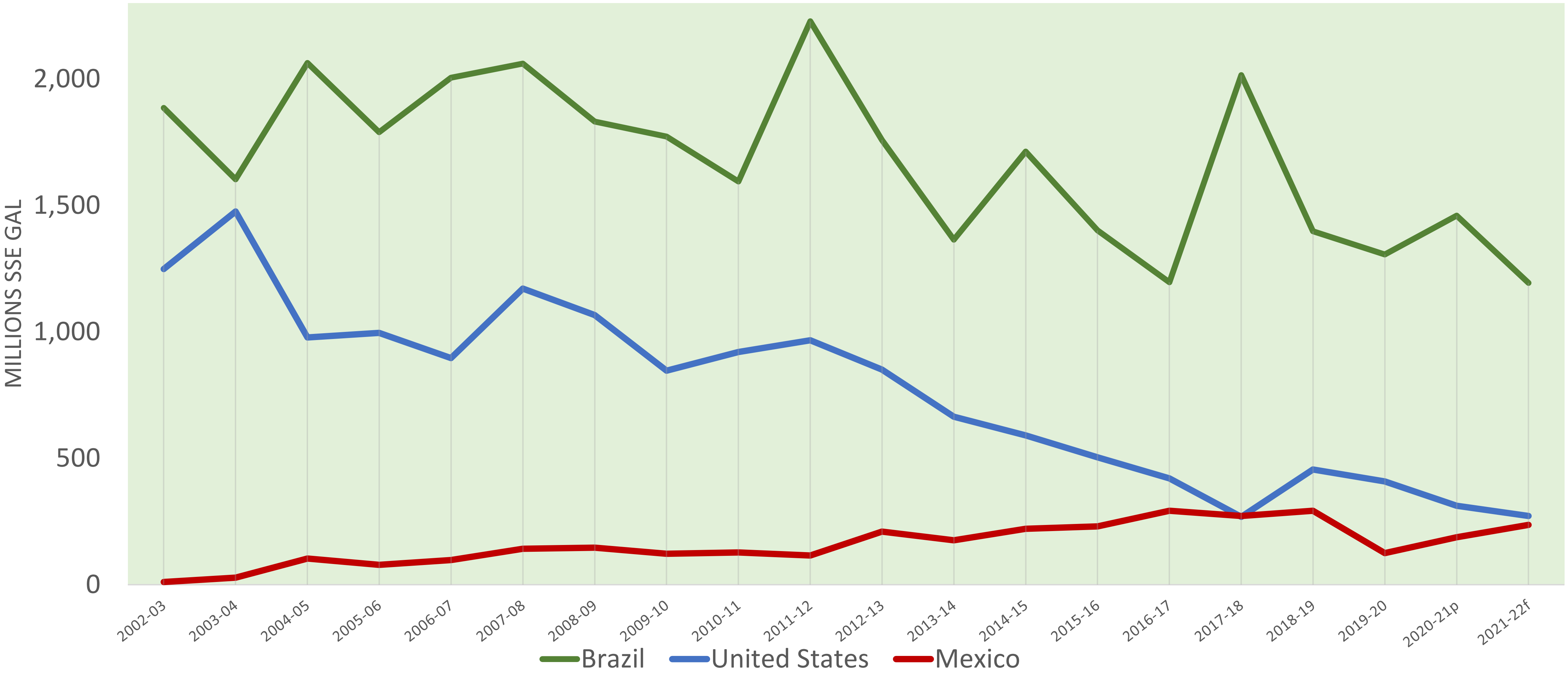
Florida accounted for 83-85% of domestically produced OJ in 21-22





Leading OJ suppliers to US. market

<u>Estimated Overall production down between 13-15%</u>



Europe is Leading Destination for Brazil OJ

Brazil Orange Juice Exports

Destination		Season-to-date July - June 2018-19	2019-20	2020-21	2021-22	Change from 3 season average
		million SSE Gallons				%
USMCA[b]	Total	277.0	246.2	291.5	283.1	+4.3
	FCOJ	*126.3*	*134.8*	*155.8*	*121.5*	*-12.6*
	NFC OJ	*150.7*	*111.4*	*135.7*	*161.7*	*+21.9*
Europe[c]	Total	914.4	1,074.8	968.3	889.2	-9.8
	FCOJ	*684.2*	*840.0*	*712.6*	*669.9*	*-10.2*
	NFC OJ	*230.2*	*234.8*	*255.7*	*219.3*	*-8.7*
East Asia[d]	Total	120.7	150.7	144.1	164.3	+18.6
Others	Total	73.2	67.9	83.7	74.4	-0.7
Total		1,385.2	1,539.6	1,487.6	1,411.1	-4.1

[a]Assumes exports with codes 2009.11.00 (FCOJ) and 2009.19.00 (Other) are 66° Brix, while exports with code 2009.12.00 (NFC) are 11.8° Brix.
[b]U.S., Canada, and Mexico.
[c]Russia, Ukraine, and Turkey are included in Europe.
[d]China, Japan, Taiwan, Hong Kong, Macau, South Korea, North Korea, Philippines, and Vietnam.
SOURCE: Secretary of External Commerce - Brazil

USA is Leading Destination for Mexico OJ

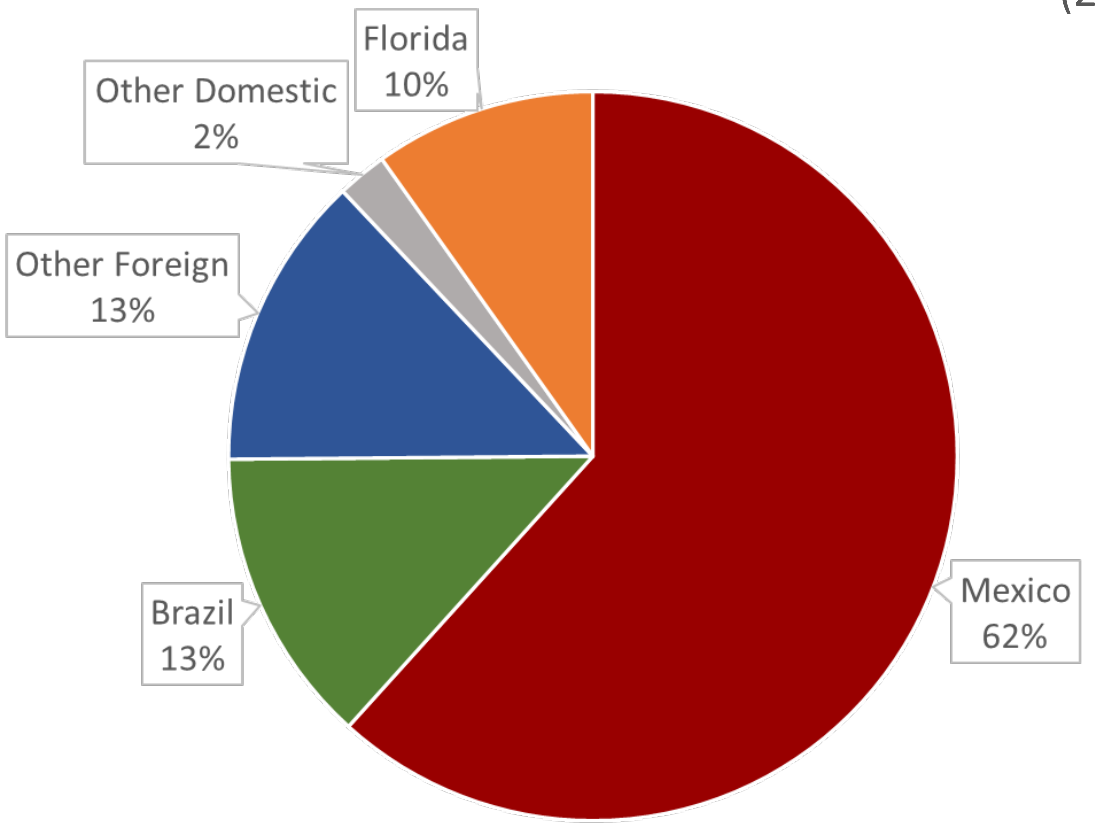
Mexico Orange Juice Exports

Destination		Season-to-date July - June 2018-19	2019-20	2020-21	2021-22	Change from 3 season average
		million SSE Gallons				%
USMCA[b]	**Total**	**62.7**	**37.8**	**56.6**	**62.5**	**+19.3**
	FCOJ	*40.5*	*22.4*	*30.3*	*28.2*	*-9.2*
	SSOJ	*22.1*	*15.4*	*26.4*	*34.3*	*+61.0*
Europe[c]	**Total**	**7.2**	**8.2**	**7.7**	**4.8**	**-38.2**
	FCOJ	*5.0*	*4.9*	*4.9*	*3.5*	*-30.2*
	SSOJ	*2.2*	*3.3*	*2.8*	*1.3*	*-52.7*
East Asia[d]	**Total**	**2.2**	**2.0**	**1.8**	**1.1**	**-42.1**
Others	**Total**	**1.5**	**1.2**	**1.4**	**4.6**	**+236.0**
Total		**73.5**	**49.3**	**67.5**	**73.0**	**+15.1**

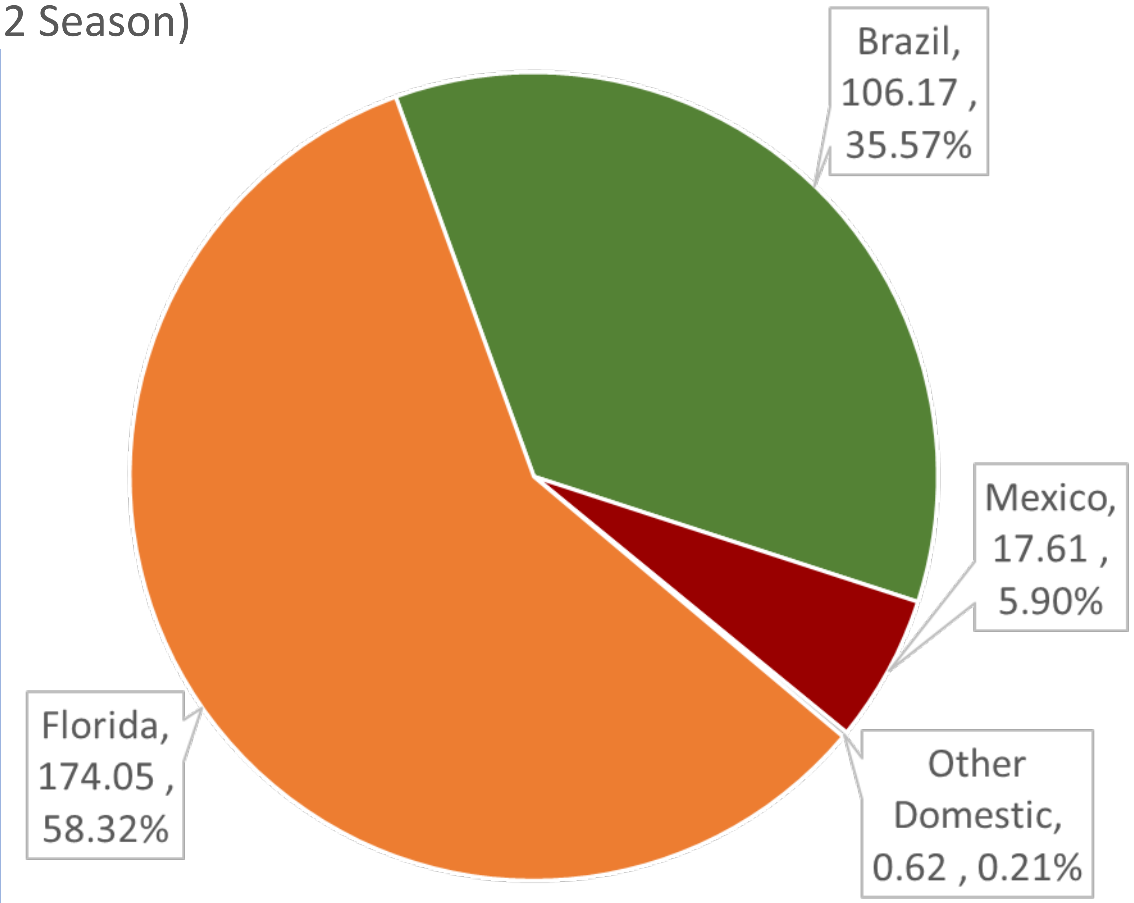
[a]Assumes exports with codes 2009.11.00 (FCOJ) and 2009.19.00 (Other) are 66° Brix, while exports with code 2009.12.00 (NFC) are 11.8° Brix.
[b]Mexico domestic consumption not included
[c]Russia, Ukraine, and Turkey are included in Europe.
[d]China, Japan, Taiwan, Hong Kong, Macau, South Korea, North Korea, Philippines, and Vietnam.
SOURCE: Mexico National Institute of Statistics | Ministry of Economy | Accessed via Trade Data Monitor

Florida Processor OJ Receipts, by Source and Type

(2021-22 Season)

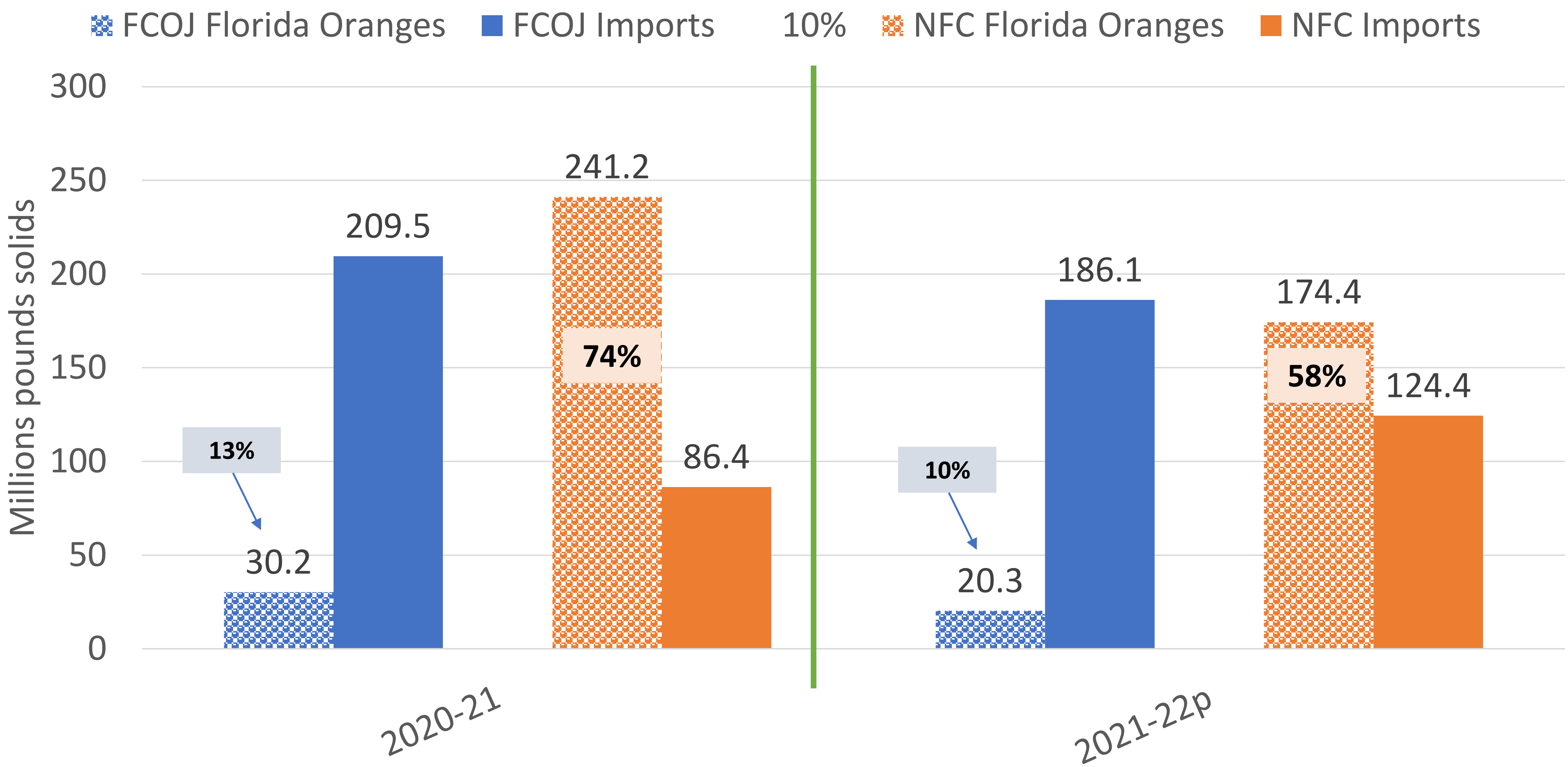


FCOJ Imports/Domestic Receipts (206.5M pounds solids)



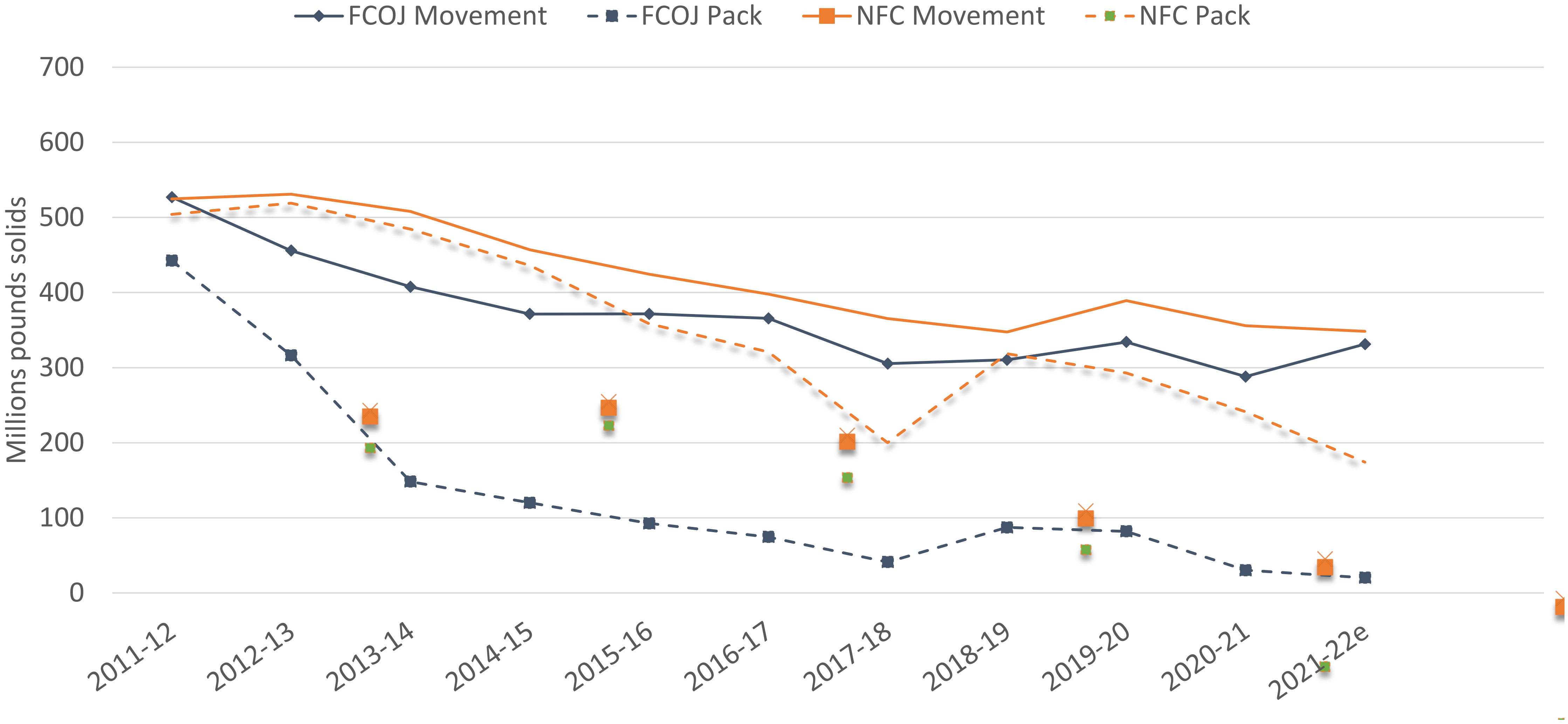
SSOJ Imports/Domestic Receipts (298.4M pounds solids)

Florida Processors OJ Juice Sources in 2021-22



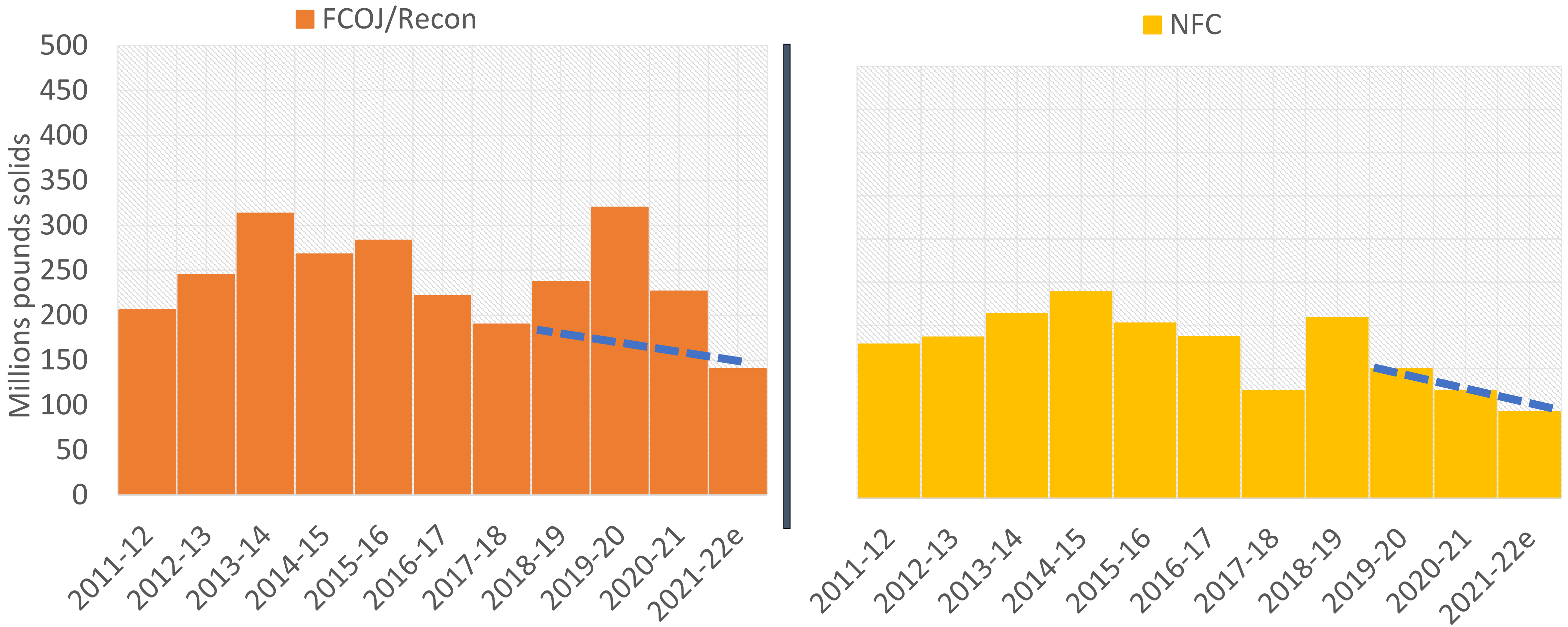
*Includes domestic sources (CA and TX); Does not include existing inventories
Conversion: 1 single-strength equivalent gallon of orange juice = 1.029 pounds solids

Florida Processor OJ Movement and FL-sourced juice pack, By Season and Type



Conversion: 1 single-strength equivalent gallon of orange juice = 1.029 pounds solids

Estimated FL OJ Ending Inventory – September 2021
FCOJ/Recon ↓38%, NFC ↓20%, YOY



Florida Citrus Season (August - September)

Majority of Florida orange crop destined for retail channels

- Share of total OJ as retail consumption is estimated to range from 63-68%.*

- Estimated share of FL processor NFC consumed through retail and on-demand food service.

NFC	16-17	17-18	18-19	19-20	20-21	21-22p
Total NFC Packaged	92.2%	92.7%	94.2%	93.2%	99.5%	93.1%

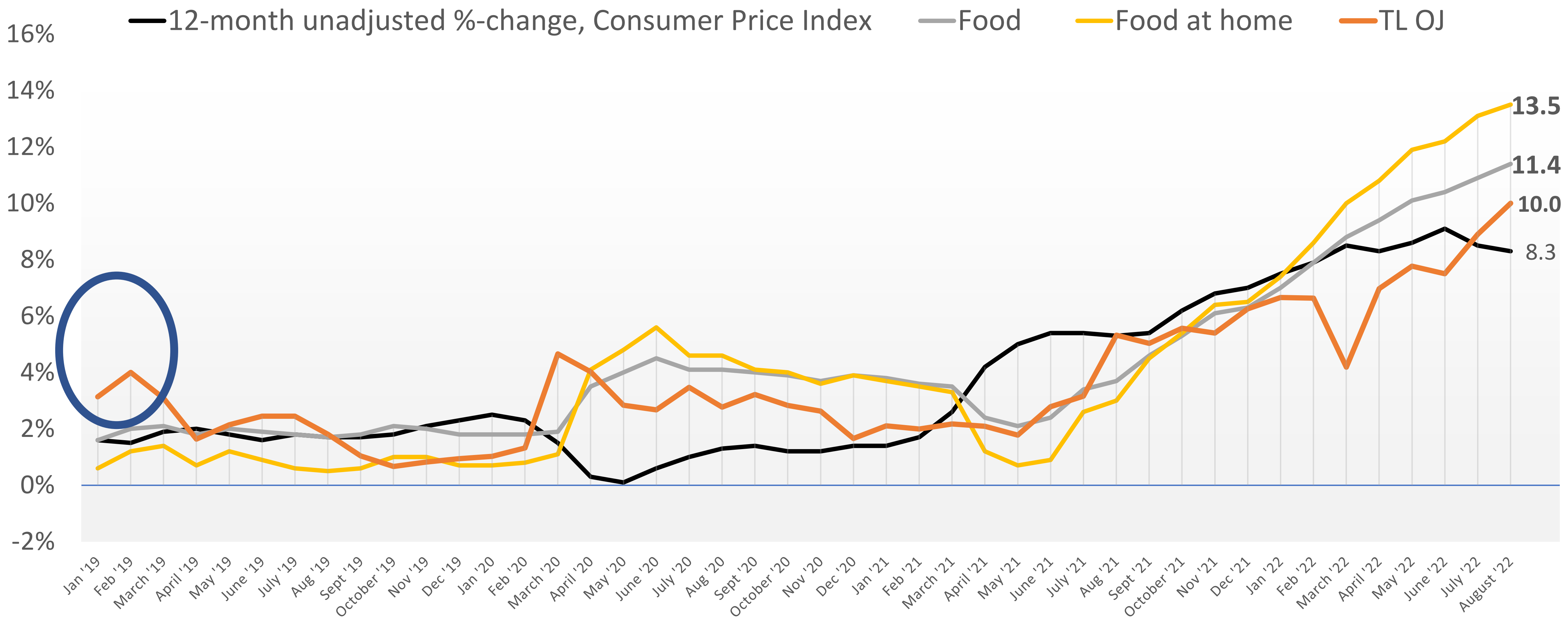
- Estimated share of FL Processor Recon consumed through retail and food service.

Recon/Other	16-17	17-18	18-19	19-20	20-21	21-22p
Total Packaged	19.3%	21.8%	20.4%	16.5%	19.5%	17.9%
FCOJ Domestic Bulk Movement Packaged/Out of State or Food Service	63.8%	73.0%	73.2%	78.7%	72.6%	75.2%

*Assuming Nielsen data coverage is 85% of total OJ at retail.

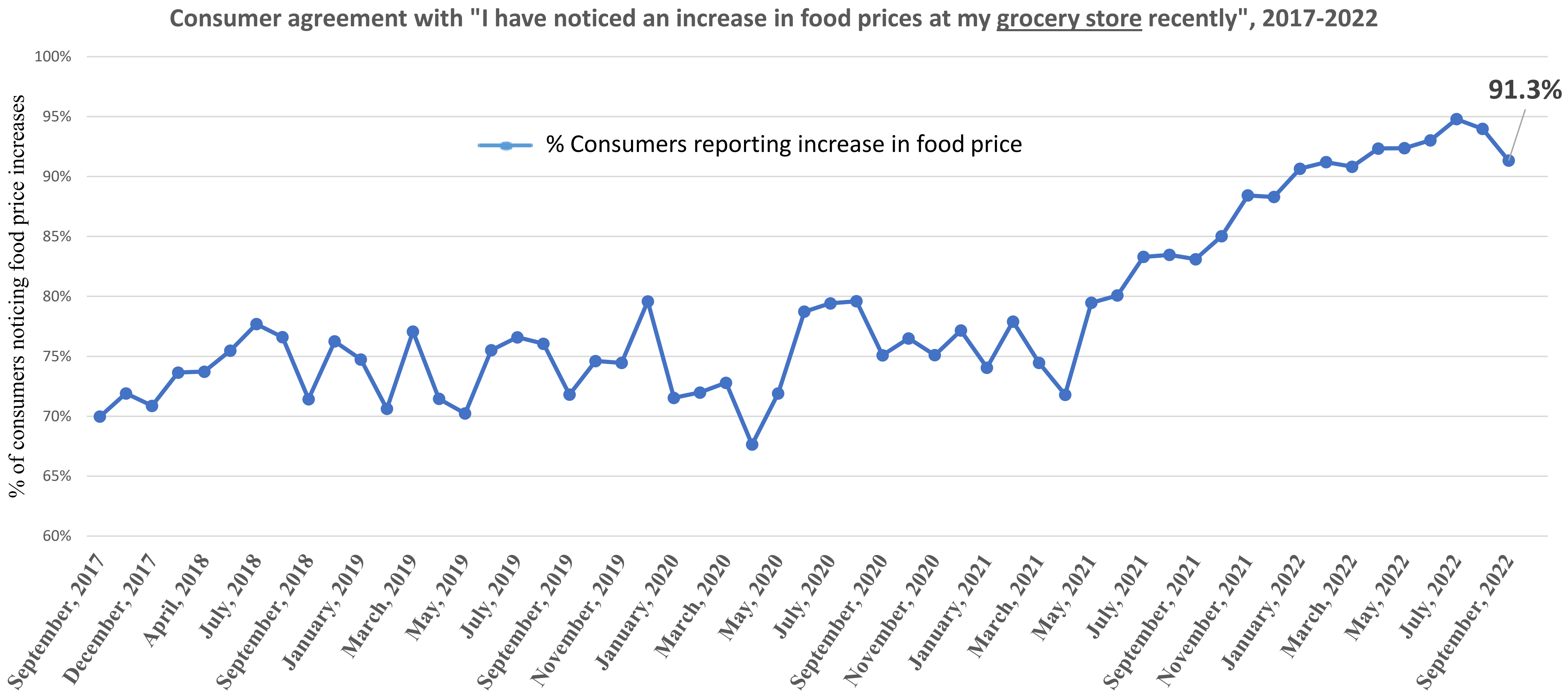
OJ/GJ Retail Sales Trends and Consumer Awareness Updates

U.S. Inflation and concerns over rising food prices at home



Source: U.S. Bureau of Labor Statistics - https://www.bls.gov; Total OJ Source: FDOC Nielsen Custom Database

Consumers' perception of increase in food prices on the rise



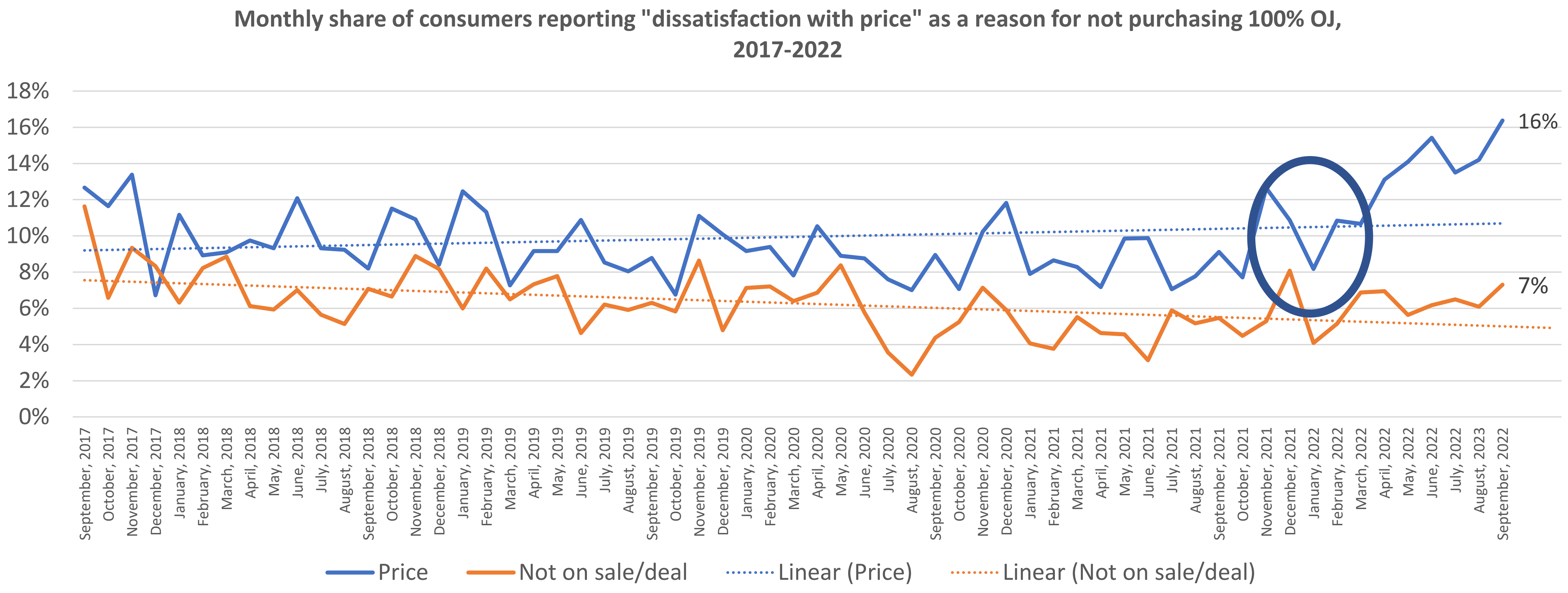
Sources: FDOC Consumer OJ Tracker, managed by UF-FAMRC

Consumers’ responses to increased food prices at grocery

Consumer Response	Sept, 2018	Sept, 2019	Sept, 2020	Sept, 2021	Sept, 2022
Reported No change in food shopping behaviors	22%	20%	22%	29%	17%
Reported their food shopping behaviors had changed	78%	80%	78%	71%	83%
▪ Looked for in-store promotions/deals/coupons	37%	38%	31%	30%	36%
▪ Purchased store brands/economy size	20%	26%	28%	19%	28%
▪ Switched from traditional to supercenters/bulk stores	12%	10%	12%	10%	7%
▪ Purchased less food	8%	7%	7%	11%	12%

Source: FDOC Consumer OJ Tracker, managed by UF-FAMRC

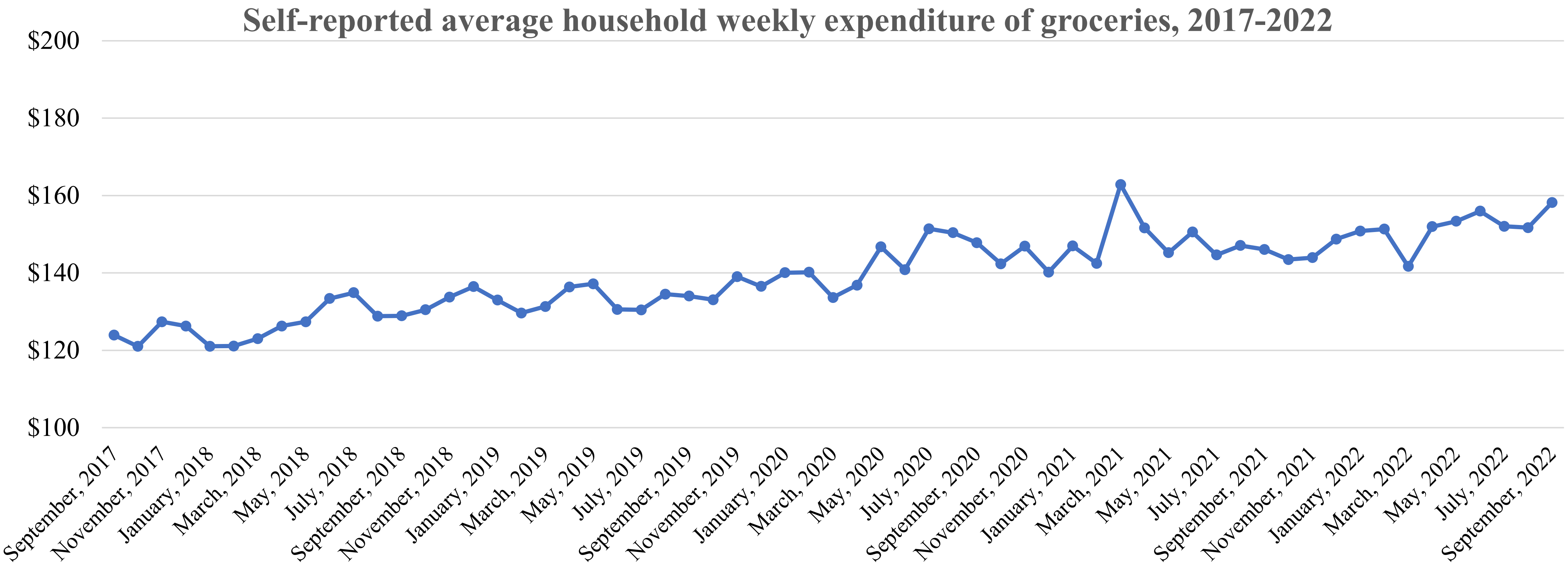
Price as an OJ barrier to purchase on the rise



Question: Reasons why consumers have not purchased 100% OJ in the past 30 days

Source: FDOC Consumer OJ Tracker, managed by UF-FAMRC

Weekly expenditures on groceries



Source: FDOC Consumer OJ Tracker, managed by UF-FAMRC

OJ Path to Purchase during in 2022-23

- Orange juice sales associated with
  1. Consumer traffic to traditional groceries and large-scale stores.*
  2. Sustained consumer online purchases and use of grocery delivery services.*
  3. Agreement with positive attributes of OJ:**
     1. Taste; and
     2. Health and wellness nutritional benefits of orange juice.
  4. Breakfast from home.**

* Source: Nielsen

** Source: FDOC OJ Tracker managed by UF-FAMRC

The Original Wellness Drink.™

Drive awareness of health and nutrition benefits of Florida Orange Juice

Drive sales of Florida Orange Juice to key audiences

Summary

- Total OJ Sales are at or above 2019 sales volumes.
- Challenges at retail persist:
  - Avg increase in OJ/GJ prices
  - High inflation at grocery
  - Declining distribution
  - Decline in retail trade promotions
- Robust marketing programs needed for long-term sustainability
- Long-term Florida production and infrastructure utilization is key to Florida grower endurance

www.floridacitrus.org/grower/economic-market-resources/

Thank You