Diversifying Markets

Update on China & Mexico

POGA AGM Report

December 6, 2018 - Saskatoon, SK
Online Campaign

New recipes ranged from oat honey bread to tamales with sweet potatoes, a green smoothie, paella, profiteroles, ravioli, waffles, crunchy shrimp tacos, spicy beef empanadas, and more.

Highlights:

- 4th Annual Oat Recipe contest with 9 winning recipes:
  - 82 unique recipe submissions
  - Total of CAD $1500 USD distributed

- Partnerships with 2 bloggers produced 6 recipes, which will continue to be posted into 2019:
  - Karla Hernandez, Pizca de Sabor
  - Gloria Zabalgoitia, Te La Pongo Facil

- World Diabetes Day partnership with La Federacion Mexicana de Diabetes (FMD):
  - Recipe booklet launched in November
  - Social media guide to celebrate World Diabetes Day

- In total, 24 new oat recipes in 2018
2018 Facebook Campaign Results

Jan 1, 2018 – Nov 21, 2018

- 22,892 new fans in 2018
- Facebook followers increased to a total of 203,194
- Average of 5,455 daily actions by Facebook users
- More than 3,429 Facebook users taking actions each day regarding any of our content

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Total Reach</strong></td>
<td>28,997,760</td>
</tr>
<tr>
<td><strong>Total Impressions</strong></td>
<td>31,912,194</td>
</tr>
<tr>
<td><strong>Total Clicks</strong></td>
<td>1,396,011</td>
</tr>
<tr>
<td><strong>Total Actions (shares, likes, comments, reactions)</strong></td>
<td>1,800,289</td>
</tr>
<tr>
<td><strong>People taking actions</strong></td>
<td>1,114,584</td>
</tr>
<tr>
<td><strong>Total Followers</strong></td>
<td>203,194</td>
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2018 Website Results

- An average of **4,209 daily page views**
- **2,427 sessions** were started every day on the website, on average
- An average of **1,653 users** visited the website every day

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
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<tbody>
<tr>
<td>Total sessions</td>
<td>800,949</td>
</tr>
<tr>
<td>New users</td>
<td>523,593</td>
</tr>
<tr>
<td>Total page views</td>
<td>1,389,009</td>
</tr>
<tr>
<td>Average # of pages per session</td>
<td>1.73</td>
</tr>
<tr>
<td>Average session duration</td>
<td>1:10</td>
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<tr>
<td>% New sessions</td>
<td>79.6%</td>
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<tr>
<td>Bounce rate</td>
<td>73.47%</td>
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www.avenacanada.com
November Mission: Cooking Workshops

“Oats, a healthy choice for Mexican cuisine”

• November 8: Cooking workshop at Colegio Superior de Gastronomia (morning with patients, afternoon with nutritionists)

• 70 people trained using recipes from the booklet
November Mission: Media Event

November 9: 14 journalists
+ Recipe contest winners
+ Canadian Embassy
+ Grupo Vida

Media

<table>
<thead>
<tr>
<th>Media</th>
<th>Media</th>
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<tbody>
<tr>
<td>Crónicas del Sabor</td>
<td>Aqua Alta Producciones</td>
</tr>
<tr>
<td>Periódico Reforma</td>
<td>Diabetes Hoy</td>
</tr>
<tr>
<td>Medicina Digital</td>
<td>Periódico El Universal</td>
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<td>Mujer es Mas – blog</td>
<td>El blog de Yes</td>
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<tr>
<td>Revista Cocina Fácil</td>
<td>Animal Gourmet</td>
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<td>Periódico La Crónica</td>
<td>The Markethink</td>
</tr>
<tr>
<td>Caprichos y Antojos</td>
<td>Cocina Vital</td>
</tr>
</tbody>
</table>
Articles

- http://www.restaurantesdemexico.com.mx/4906/Reportaje_Avena_Un_Ingrediente_Saludable_Por_Definicion_html
November Mission: FMD Fair and Booth

November 11: FMD fair
Avena Canadiense booth at Plaza Tlaxcoaque, Mexico City
900 visitors to the booth
November Mission: World Diabetes Day

November 14: Campaign on Facebook
Theme Diabetes and Family Posts

“Diabetes concerns every family”
Partnership with Bloggers

• February 2018:
  • Leticia Jimenez of the blog *Criando Creando* (10,00 followers on Twitter; 33,340 Facebook followers) yogurt popsicles with oats and cranberries
  • Pilar Guzman of *La Cocina Mexicana de Pily* (13,500 Facebook followers), who created a recipe for a winter soup with oats and jitomate.

• September-November 2018: **Karla Hernandez of Pizca de Sabor** (1,218,212 Facebook followers; 58,300 Instagram followers)
  • September: *Oat waffles with matcha green tea*
  • October: *Gluten-free oat & seed crackers*
  • November: *Mocha crepes with strawberries*

• December 2018 to February 2019: **Gloria Zabalgoitia of Te La Pongo Facil** (weekly radio program *Vamos a Cocinar*). Cross-promotion via her radio program, *Vamos a Cocinar* (Let’s Get Cooking).

All recipes are posted on [www.avenacanada.com](http://www.avenacanada.com) and on the @avena.canadiense facebook page.
Great News…

- In 2018 Canada exported more oats than ever to Mexico,
- 2018 exports so far almost tripled 2017 results
- Canadian oats have now 95% of market share
- Australian oats dropped down from 56% to less than 1%
## Imports for HSC Codes

<table>
<thead>
<tr>
<th>Country/Code</th>
<th>1004.90.99 Oats other than Seed</th>
<th>1103.19.01 Groats and Meals of Oats and pellets of Oats</th>
<th>1104.12.01 Oat Flakes and Rolled Oats</th>
<th>1104.22.01 Worked Grain of Oats</th>
<th>Total per year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canada 2017</strong></td>
<td>2,746,853</td>
<td>1,390,730</td>
<td>2,045,177</td>
<td>50,529,341</td>
<td>56,712,101</td>
</tr>
<tr>
<td><strong>Canada 2018</strong></td>
<td>114,699,053</td>
<td>1,218,175</td>
<td>1,443,848</td>
<td>34,366,817</td>
<td>151,727,893</td>
</tr>
<tr>
<td><strong>TOTAL Imports</strong></td>
<td>117,445,906</td>
<td>2,608,905</td>
<td>3,489,025</td>
<td>84,896,158</td>
<td>208,439,994</td>
</tr>
</tbody>
</table>
Imports Oats Mexico 2018 (September)
Imports Oats in Mexico (kgs) 2012-2018 (September)
simplicity, carried to an extreme becomes elegance.
Oats Market in China

• China is the second largest importer of oats globally.
• Australia largely dominates the market holding almost the 97% of the shares.
• Australian exports are enhanced by the geographical proximity and the existence of a free trade agreement.
Agriculture and Agri-Food Canada Ministerial Trade Mission to China

“Fairs, tours, training seminars and matchmaking events”

- Nov 12-13 – Shanghai: Food and Hotel China Expo
- November 11 – Shenzen: Meeting with one of top 4 buyers
- Nov 14 – Beijing: Chamber of Commerce of Foodstuffs and Native Produce (CFNA) and Chunbo Food Safety Laboratory
- Nov 15: Meetings with Oat suppliers
- Nov 16: Seminar at Canadian embassy and networking
Meetings with Importers

• President of Dongguan Rilong
• Wagamix Bio-Technology Co.
• Toatal/Grandview PRC Inc
• Presence of Grupo Vida

With Grupo Vida
Leads Generated

Over the course of the week POGA interest for Canadian oat imports with 12 companies based in Beijing, Shenzhen, Shanghai and Dalian.

The delegates were also able to further develop their relationship with the Trade Commissioner Service and others at CFIA and AAFC.
Canadians Present Selling Oats

- Cellstar International Group Limited
- China Certification and Inspection Corporation Canada Inc
- Dan-D Pak
- Grandview PRC Co.
- Greenfields Agriculture
- Litans International Corp Canada
- Ownace International Group Inc
- Prairie Bliss
- PurTree Natural Health Products
- Toatal
Canadian Oats in China

• Canadian oats have quickly gained market share in the last 5 years.
• In 2017 Canadian oat exports in China had a remarkable 345% increase compared to 2016.
• Canada is already the second oat exporter to China after Australia.
Canadian Exports of Oats (Kg) 2013-2017
Imports of Oats in China (Kg) 2013-2017

- Canada
- Australia
- USA
- Finland
Double Eleven Day
The Online Market Sales Volume

¥ 314.32 bil
Growth 23.8%
Over 2017

Platform
T mall
Double Eleven Day

<table>
<thead>
<tr>
<th>Time</th>
<th>Sales (bil)</th>
</tr>
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<tbody>
<tr>
<td>00:02:05</td>
<td>10 bil</td>
</tr>
<tr>
<td>00:05:00</td>
<td>20 bil</td>
</tr>
<tr>
<td>00:08:45</td>
<td>30 bil</td>
</tr>
<tr>
<td>00:26:03</td>
<td>50 bil</td>
</tr>
<tr>
<td>01:47:26</td>
<td>100 bil</td>
</tr>
<tr>
<td>15:49:39</td>
<td>168 bil</td>
</tr>
</tbody>
</table>

56 seconds faster than 2017!
1 minute and 05 seconds faster than 2017!
2 minutes and 41 seconds faster than 2017!
14 minutes and 09 seconds faster than 2017!
7 hours 12 minutes and 48 seconds faster than 2017!
8 hours 10 minutes and 21 seconds faster than 2017!
How Social Media Evolved Itself In China (2)
Account Socialization

On-line Community  Blog  Weibo (Twitter)  Visualization  Socialization  Socialized E-commerce

Source: Seabridge Marketing, China
China’s New Retailors : 1.0 to 4.0

1. Carrefour, Metro 1995
2. Wal-Mart, Sam’s Club 1996
3. Ole 2004
4. BHG 2007
5. Bravo 2013
8. New Retailors 2017-2018

Source: Seabridge Marketing, China
How Content (contest, pictures, videos, story etc.) transport from producers to consumers, when products do so.

Professional agri-food social-media establish accounts on different platforms to attract target consumers

Agri-food producers are also content producers

Source: Seabridge Marketing, China
Social-supply chain provide services for all players

Producers
Brands

Platforms/
Retailers
Private-Label
Brands

Social-media produce contents for all players

Producers-
Importers
Co-brands

Social-supply
chain

Consumers

Importers/
Processors
Brands

Social-media

Source: Seabridge Marketing, China
The world once simple, then complicated, now simple again.

Source: Seabridge Marketing, China
Online Campaign

Highlights:

• New logo

• Oats Canada website: oatscanada.cn, yanmaijianada.cn, 加拿大燕麦.cn

• Recipe cards
Update on Plant Health

• Quality time with the CFIA Asia team
• Briefing with the head of CFIA
• Opportunity to interact with Minister of Agriculture and remind him of oats prior to meeting with Minister Han
• No news from the Chinese Customs Department since September, other than some questions submitted to CFIA and answered.
• Next meeting being scheduled in December
• No request so far for an inbound mission. CFIA reminded that we are willing to help.
Analysis of Situation

- Market is being served by contracts for most part. By Q2 2019 are facing significant price hikes
- Processed products may be more competitive than ever before in the face of rumoured 50% price hikes on raw oats
- Small Canadian companies working on exports, need to build relations
- Phyto project moving slowly – outreach to encourage demand and awareness of options internally is important
- The issue of duties needs to be addressed. 20% on processed products
Thank You

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