

Oat Marketing from a Sales Person's perspective

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Presentation overview

- Opportunities for sales for human consumption oats, markets, applications, hot topics, and competition
- Opportunities for sales for non human consumption oats, markets, hot topics, and competition
- From my experience, a country by country description my trade experiences and visits



Human Consumption Oat Products

- Whole Oat Groats
- Steel Cut Groats
- Oat Flakes
- Oat Flour
- Beta Glucan
- Oat Fibre and Oat Bran
- All products can be conventional, organic and gluten free



Markets for DHC Oats

- Canada and the USA(domestic)
- SE Asia
- Caribbean
- Mexico
- South America
- Africa



Applications

- Breakfast cereal
- High speed bakeries
- Institutions and food banks
- Manufactures of snack bars
- Flour blenders(who produce 12 grain flour blends etc)
- As a rice type substitute(Asia)



Hot Topics on Human Grade Oat Products

- Glyphosate Residue
- Gluten Free
- Non-GMO
- GFSI Certification and Food Safety standards
- Free Trade Agreements
- Crop Quality and Yield in Canada, Australia, and Chile



Competition

- Domestically, in Canada and the USA there are approximately 7-8 companies who process oats and 2 large vertically integrated oat processing companies who mill farmer dressed oats.
- Internationally, Chile has anywhere from 14-16 oat mills going at any given time for human consumption
- Internationally, in Australia has many oat mills and I am not certain the exact count on this.
- The European Union is not considered a market for North America at this time due to trade tariffs



Keys factors to making a sale...

- Quality
- Reliability and Trust
- Customer Service
- Are Food Safety Systems in place?
- Price
- For Export: transit time and freight costs
- Certifications: Halal, Kosher



Key Points in Global Trade 2016/17 Crop Year...

- Canadian Crop was delayed, tough, and overall poor quality
- Chile is harvesting now and the crop quality and yield looks good overall, prices expected to drop initially, but with heavy demand we expect the decrease to be short lived and prices will start to move up again.
- After 2 years of drought, Australia has had a good yielding crop with great quality and prices are dropping.
- Glyphosate residue is a non factor in Australia and Chile as producers don't use it as a desiccant on their oat crops.
- Beta Glucan Levels
- Currency
- Freight and Transit time
- Pest Control



Non-Human Consumption Oat Products

- Farmer dressed oats for feed(bulk)
- Double and Triple recleaned Oats for race horse market
- Birdfood groats(hull removed)
- Oat Processing by-products for feed



STONY PLAIN SEED



Applications

- Animal Feed(Bovine, Swine, Equine)
- Race Horse Oats
- Birdfood



Hot Topics on Non-Human Grade Oat Products

- Glyphosate Residue
- 2016/2017 Crop Quality
- Free Trade Agreements
- Crop Quality and Yield in Canada, Australia, and Chile

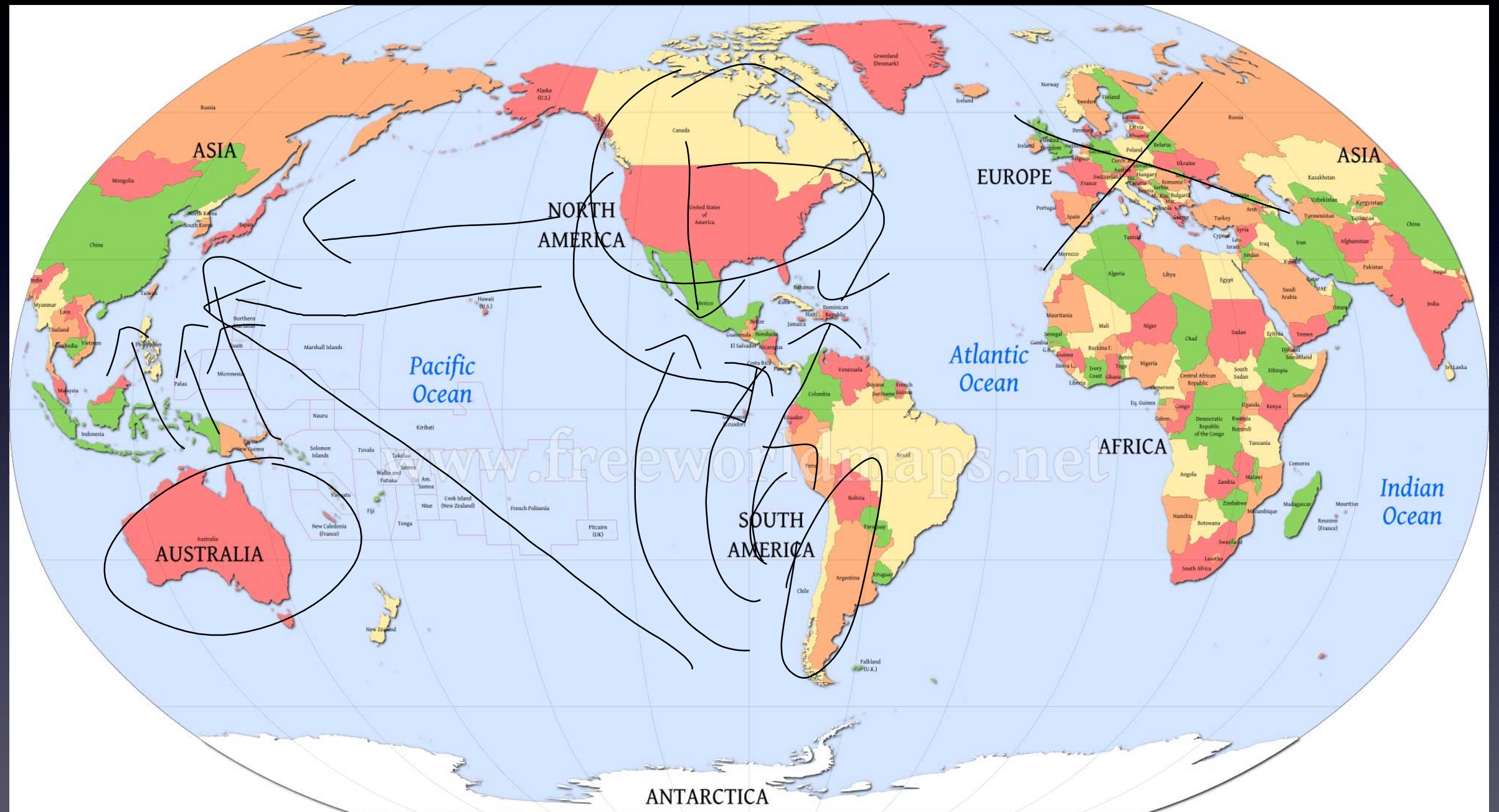


Competition and key points on feed oats

- Domestically, in Canada and the USA there are approximately 7-8 companies who process feed oats
- Internationally, We continue to compete with mainly Chile and Australia
- Due to the recession in the USA a few years back, we saw a decline in race horse oat demand as that luxury was one of the first things cut. Many feed companies didn't end up getting paid.



World Map Competition



TAIWAN

- Approximately 30,000,000 people
- Large user of oats for human consumption
- Applications: breakfast cereal, snack bars, oat drinks, and a rice replacement
- In the last 5 years, Taiwan has had many controversies with food contamination on imported food products
- Main suppliers of oats, Australia, UK, Chile, Canada
- Very set on texture/flavor of oat flakes and like them crunchy/burnt
- Canada is at a standstill on trade due to Glyphosate residue controversy
- Monsanto has put forth an application for max MRL for Glyphosate and we are awaiting a decision from Taiwan FDA
- Overall a very honest, trustworthy culture with a strong Japanese influence



SOUTH KOREA

- Approximately 50,600,000 people
- Large user of oats for human and non human consumption
- Applications: rice replacement
- In last 3 years Korea implemented a large trade tariff, 550% on processed oats entering their country as they were competing with their own rice producers so now they have started building factories with dehulling equipment and are brining in double cleaned and farmer dressed oats as the tariff for them is only 3%
- Some importers of oats in S. Korea have been lobbying against the government to appeal the tariff on processed oats to no avail.....
- So much for our free trade agreement.....
- Main supplier of oats, Australia/Canada
- Glyphosate residue controversy has been an issue there as well as I got a call about oats I sold over a year ago to them....
- Payment for product became a slow painful process.



JAPAN

- Approximately 127,000,000 people
- Not a large user of oats for human consumption but do buy some
- Large user of race horse oats
- Quality is number 1! They will pay a little more to get quality. In food, the presentation and packaging is very important. In race horse oats, the oats have to be very white and uniform.
- Main supplier of oats on human, Australia, and in equine, Canada.
- Glyphosate residue is on the radar screen
- Challenge for this crop year is that Japanese are nervous about our oat quality.
- Overall a very honest, trustworthy culture.



INDIA

- Approximately 1,335,800,000 people
- Indians never had oats in diet until about 10 years ago.
- Applications: breakfast cereal, snack bars, oat drinks(Indian Flavors with curry)
- India has become more health conscience and that is where the popularity of oats came in
- Main supplier of oats, Australia/UK
- They want a very low moisture spec due to climate
- Canada is at a standstill on trade due to pricing and transit time on the ocean
- India is building oat mills and is looking for raw material, but Canada has a long list of non conformances when it comes to raw material compared to Australia which makes trade challenging.
- This crop year, due to Canada's poor crop quality, and considering Australia's abundant and high quality crop, trade of oats will likely be minimal from Canada.



DOMINICAN REPUBLIC

- Approximately 10,600,000 people
- Large user of oats for human consumption
- Applications: breakfast cereal, snack bars, oat drink
- Main supplier of oats, Chile and Canada
- They have processors who roll Whole Oat Groats into flakes and flour, and distributors
- They like the Canadian quality, but usually the Chilean price is much more attractive.
- Sometimes currency can be a factor as it is difficult for them to get USD



COSTA RICA

- Approximately 4,900,000 people
- Just North of Panama
- Large user of oats for human consumption
- Applications: breakfast cereal, snack bars, oat drinks
- Main supplier of oats, Chile and Canada
- They have processors who roll Whole Oat Groats into flakes and flour, and distributors
- They like the Canadian quality, but usually the Chilean price is much more attractive....freight and transit time are the biggest factors



GUATEMALA

- Approximately 16,700,000 people
- Just South of Mexico
- Large user of oats for human consumption
- Applications: breakfast cereal, snack bars, oat drinks
- Main supplier of oats, Chile and Canada
- They have processors who roll Whole Oat Groats into flakes and flour, and distributors
- They like the Canadian quality, but usually the Chilean price is much more attractive....freight and transit time are the biggest factors



COLUMBIA

- Approximately 48,700,000 people
- South America
- Large user of oats for human consumption
- Applications: breakfast cereal, snack bars, oat drinks
- Main supplier of oats, mostly Chile
- They have processors who roll Whole Oat Groats into flakes and flour, and distributors
- They like the Canadian quality, but usually the Chilean price is much more attractive....freight and transit time are the biggest factors, along with their free trade agreement with Chile



JAMAICA

- Approximately 2,700,000 people
- Large user of oats for human consumption despite population
- Applications: Mainly breakfast cereal
- There are distributors and oat processors in that country that purchase oats.
- Main supplier of oats, Canada and then Chile
- I find the culture very upfront, cut to the chase, and have had no issue doing business with them.



VENEZUALA

- Approximately 30,000,000 people
- They are large consumers of oats
- Applications: breakfast cereal, snack bars
- Country has been in a state of disaster since Chavez ruling.....
- All oat imports were having to get approved through CADIVI/CENCOEX
- Trade in that country is very difficult as you it is very difficult to trust
- Venezuela has a free trade agreement and cheaper freight from Chile which makes trade even more challenging.
- Many agreements are made with cash in advance
- Logistics in their ports can be challenging and the same with customs, the country has been faced with a lot of abandoned cargo in the port
- Main suppliers: Chile and Canada



MEXICO

- Approximately 122,300,000 people
- Large user of oats for human consumption
- Applications: breakfast cereal, snack bars, oat drinks, snacks
- High levels of diabetes has made the Mexican culture become health conscience.
- Largest oat mill in Mexico is Grupo Vida and their oat supply comes from Canada or Australia depending on markets.
- Main supplier of oats, Canada/Australia/Chile
- Due to Australian drought and high prices for the past 2 years, it wasn't feasible to source from there, but this year will be much more attractive.
- For bulk oats sales, it is very difficult for Mexico to be competitive on export business due to the fact that they can't grow an oat crop for milling in their country.



Grupo Vida overview and capabilities



- **Edmonton Canada**
- Oats, quick oats, steel-cut oats
- 5,000 metric tons monthly capacity
- 10,000 metric tons storage capacity



- **El Arenal, Jalisco**
- Oats, quick oats, steel-cut oats, instant oats
- 10,000 metric tons monthly capacity
- 35,000 metric tons storage capacity
- New 110,000 sq ft distribution center



- **La Venta, Jalisco**
- Granola, granola bars, cookies
- For capacity refer to attached checklist
- Expansion scheduled for 4Q 2014

Thank you!