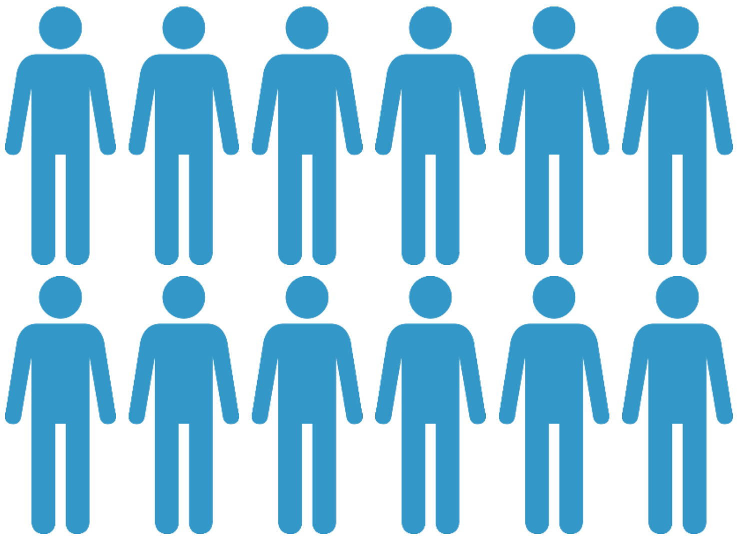
SPINS DATA

World Tea Expo 2016

SPINS®

Natural Beverage Market is significant, and increasing in relevance

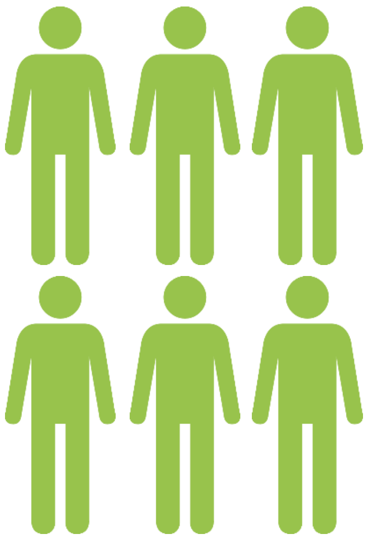
Total Beverages



120MM buyers

+1% vs YAGO

Natural Beverages



59MM buyers

+6% vs YAGO

If these rates continue…

- Natural Beverage buyers will number 80MM by 2020 (5 years)
- Natural Beverages will have more buyers than CSDs in 10 years

Source:
SPINS library attribution and joint Consumer Panel
52 weeks ending November 22, 2015

Tea Category Definition

Shelf Stable RTD	Refrigerated RTD	Bagged & Boxed Teas
Includes Bottled Teas that can be stored or shipped without refrigeration	Includes Bottled Teas stored/shipped with refrigeration	Includes Teas to be traditionally brewed

Distinction between shelf stable RTD and refrigerated RTD is based on how the products are shipped and minimum level of storage required

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Tea Products Make Up 5% Of Beverage Sales But Have Contributed 12% Of Growth Dollars to The Segment

TEA DOLLAR GROWTH AND INDEX TO TOTAL BEVERAGE GROWTH OF 3.1%

SPINSscan Natural
+12%
147

SPINSscan Specialty Gourmet Channel
+10%
142

SPINSscan Conventional Multi-Outlet
+6%
305

SPINSscan Convenience
+10%
195

Independent Natural Food Retailers Association

Tea Landscape Summary

The health halo around Teas has driven growth in the segment, especially for the convenience options of Ready To Drink.

- The total tea segment is growing at a slightly faster rate than the category with bagged and boxed declines being offset by strong ready to drink growth
- The Natural and Specialty Gourmet Channels are driving growth for bagged and boxed options

Tea Landscape Summary

Ready To Drink Tea sales have reached $4.5B with growth of +8.9% across retail channels.

- The bulk of the sales are driven by the conventional outlets
- Strong growth in the Natural & Specialty Gourmet channels and for products highlighting sustainability attributes such as organic, fair trade and non-GMO
- Although plain, peach and berry are the primary varieties driving growth, there are a number of niche options illustrating consumers' interest in experimentation
- Alternatives such as yerba mate and guayusa are showing gaining share

Tea Landscape Summary

The sales growth of Bagged & Boxed Teas are down -3.9% to $1.8B across retail channels.

- While the Multi Outlet channel provides the bulk of the sales, growth is driven by the Natural and Specialty Gourmet channels
- The heavy reliance on Black Teas and Iced Tea Mixes is compromising growth within the conventional outlets
- Sustainability positioned as well as medicinal options are the growth drivers in the category
- Shelf space appears to be increasing in the Multi Outlet channel, while the other channels experiencing contractions
- While most of the traditional segments of tea are down, there are several opportunities for growth across a number of ingredients and claims, including Matcha, Turmeric, Medicinal, and Probiotics

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