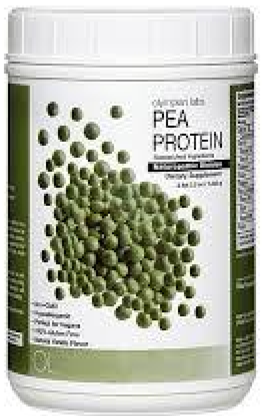
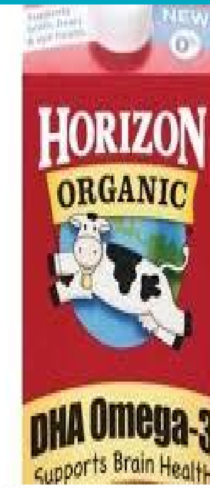


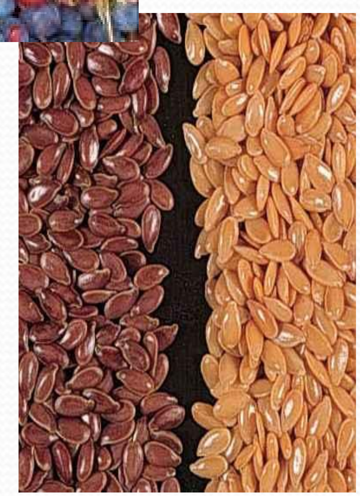


Healthy Food Trends: Opportunities for Manitoba Industry

Kelley Fitzpatrick, M.Sc.
NutriScience Solutions
kelleyf@shaw.ca

Ingredient Trends

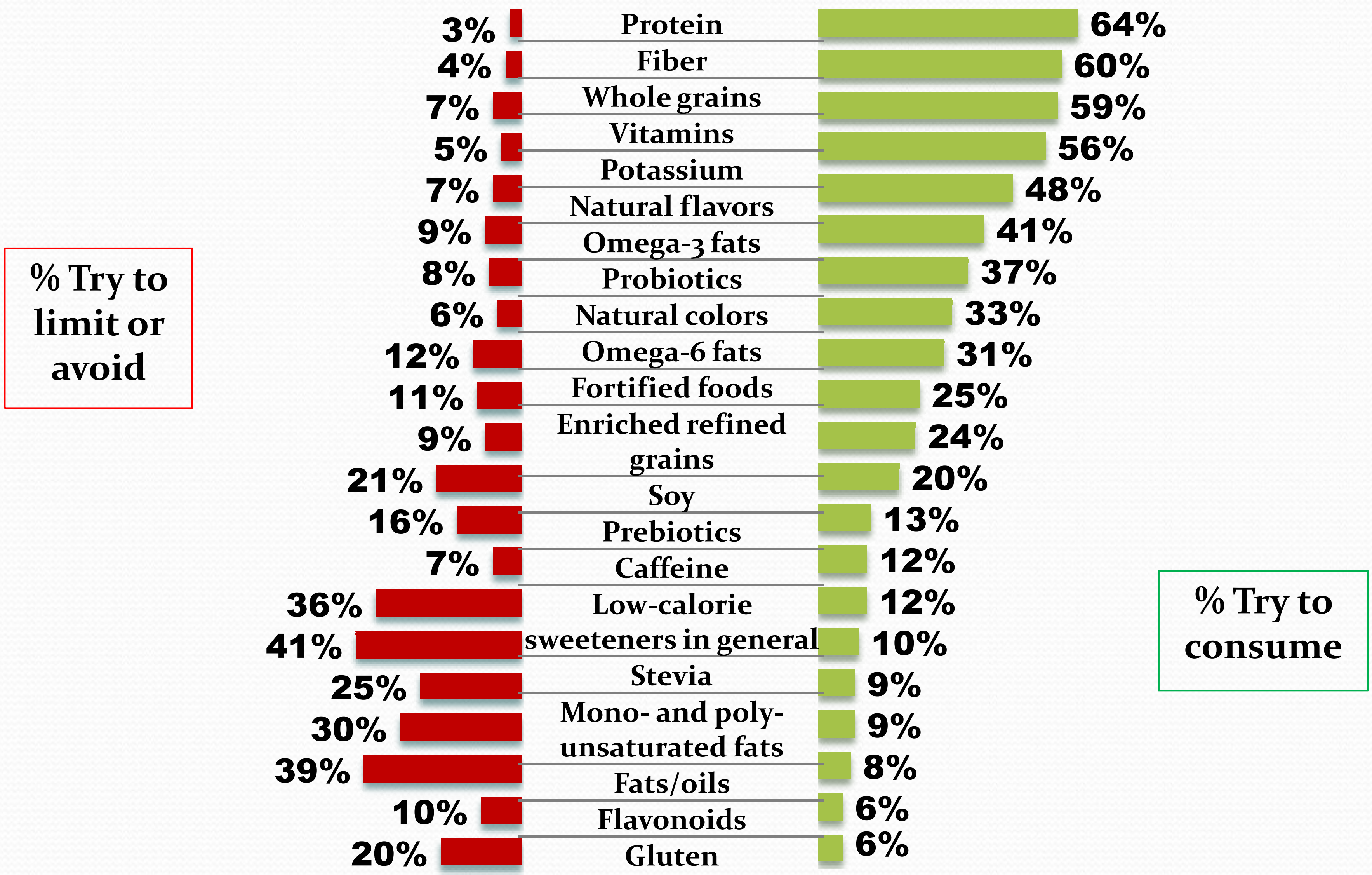
- Protein
- Healthy fats
- Antioxidants
- Pro/prebiotics



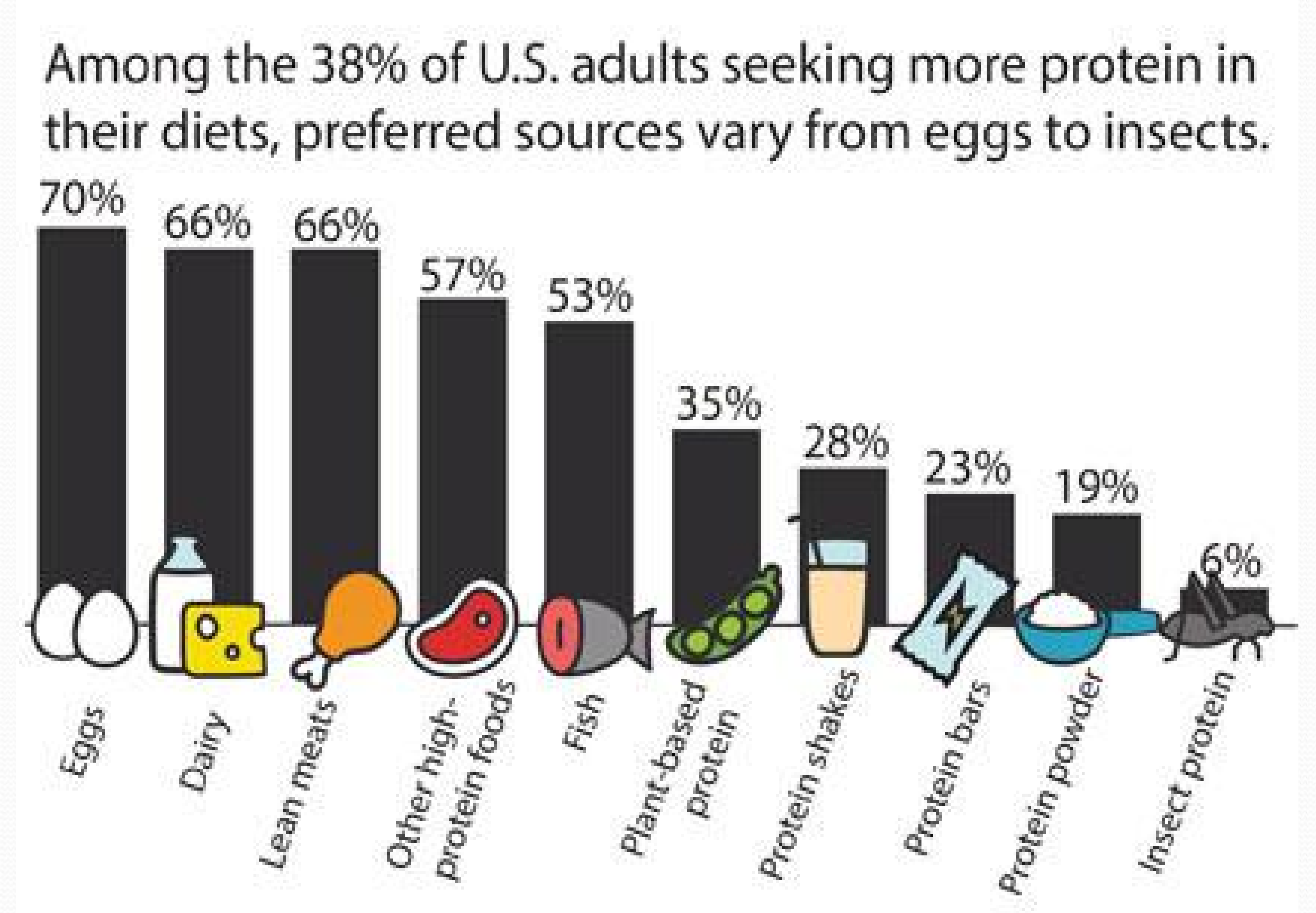
Product Trends

- Digestive Health
- Plant-based Foods
- Clean Label
    - Gluten free /“Free” from
- “Snackification”
- Sustainability

2016 Consumption Of Ingredients
International Food Information Council 2017



New Nutrition Business, Ten Top Trends for 2017



Natural Marketing Institute and Informa Group, P.L.C., 2016.


BENEFITS OF GREEK YOGURT
Greek Yogurt has
2 TIMES
THE PROTEIN
vs. regular low fat yogurt 1
Dairy proteins contain 9 essential amino acids the human body can't produce. Amino acids are building blocks needed to create our own proteins.


MANITOBA HARVEST
HEMP
PRO70
Original | Originale
454 g
15

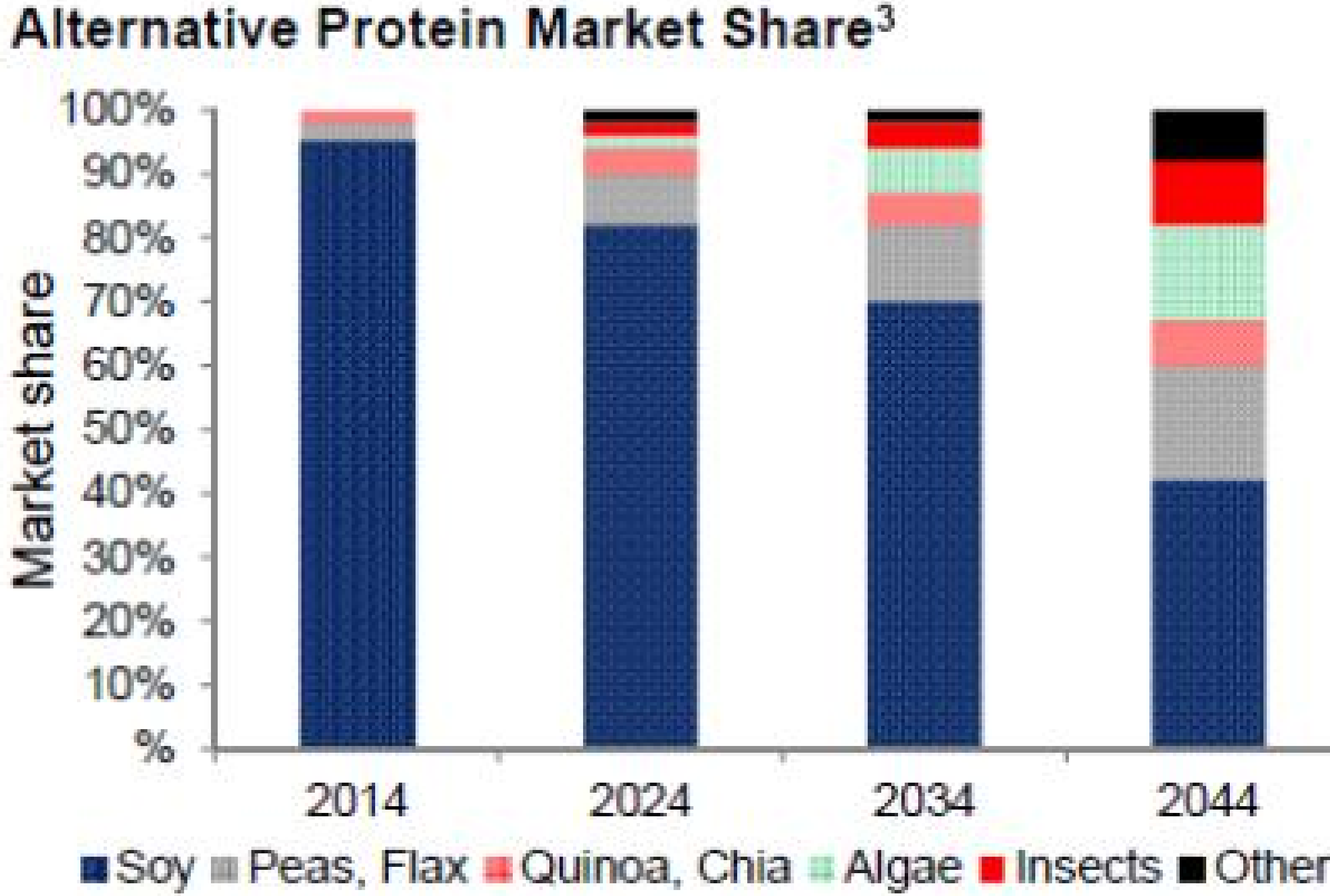

TRU TABLE
PROTEIN
Dressing & Dip


EPIC
HANDCRAFTED
CHICKEN BITS
CHICKEN MEAT WITH CURRANT & SESAME BBQ SEASONING
SESAME
5G. PROTEIN & GLUTEN FREE
NET WT. 3OZ (85G)


NEW
8g
HIGH FIBRE
WHOLEMEAL
PROTEIN
BAKED WITH A BLEND OF PULSES
Warburtons


100%
GRASS FED BEEF USED
GLUTEN FREE
11G. PROTEIN
BEEF
APPLE+UNCURED BACON
BAR
EPIC
BAR


INTRODUCING
BONE BROTH
PROTEIN™
Natural | No Artificial Ingredients | Non GMO | Gluten Free | Dairy Free | Soy Free | Grain Free | Nut Free
BONE BROTH PROTEIN PURE
BONE BROTH PROTEIN CHOCOLATE
BONE BROTH PROTEIN VANILLA
BONE BROTH PROTEIN TURMERIC



Grand View Research, 20145 Lux Research, 2015 (reported by Silverwood Partners, 2016)

New Nutrition Business, Ten Top Trends for 2017

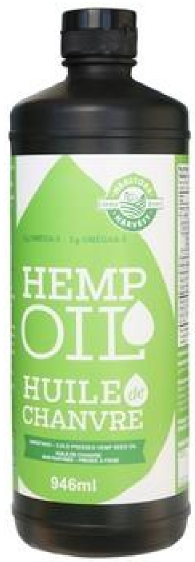
Healthy fats

- Supported by science
- Consumer awareness
- Innovation in product development

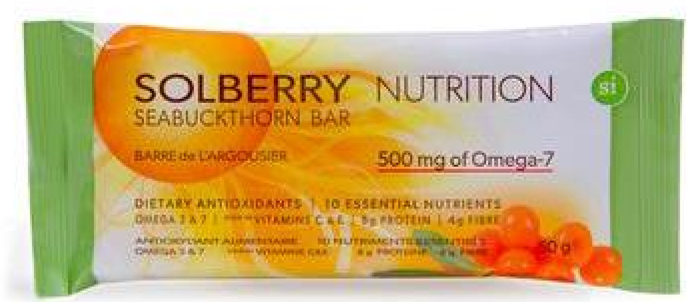
- Global market expected to reach $7.3bn by 2020
  - CAGR of 13.7% from 2014 to 2020
- Europe – 60% of global consumption
- Asia Pacific - CAGR of over 15% from 2014 to 2020

- Functional foods
  - Largest application segment
  - Over 55% of global demand, 2013

Frost & Sullivan, 2015


HEMP
OIL
HUILE de
CHANVRE
946ml


FLAX TO
THE MAX!
Put the power of flax to work for you! Flax
Country Flax Oil and Flax Meal add healthy
Omega-3 ALA to your favourite meals and drinks!
NEW
OMEGA
3
FLAXCOUNTRY
ORGANIC
FLAX OIL
FLAXCOUNTRY
PURE
FLAX OIL
FLAXCOUNTRY
PURE
FLAX MEAL
OMEGA
3


SOLBERRY NUTRITION
SEABUCKTHORN BAR
BARRE de L'ARGOUSIER
500 mg of Omega-7
DIETARY ANTIOXIDANTS | 10 ESSENTIAL NUTRIENTS


PROTEIN • FIBER • OMEGAS
PROTÉINES • FIBRES • OMÉGAS
MANITOBA HARVEST
HEMP
HEARTS
RAW SHELLED HEMP SEEDS
GRAINES DE CHANVRE
DÉCORTIQUÉS
NATURAL
NATUREL
Sprinkle on Salad,
Cereal and Yogurt
À saupoudrer sur salades,
céréales et yogourts
NET WT. | POIDS NET: 227g

HyLife™
FOODS

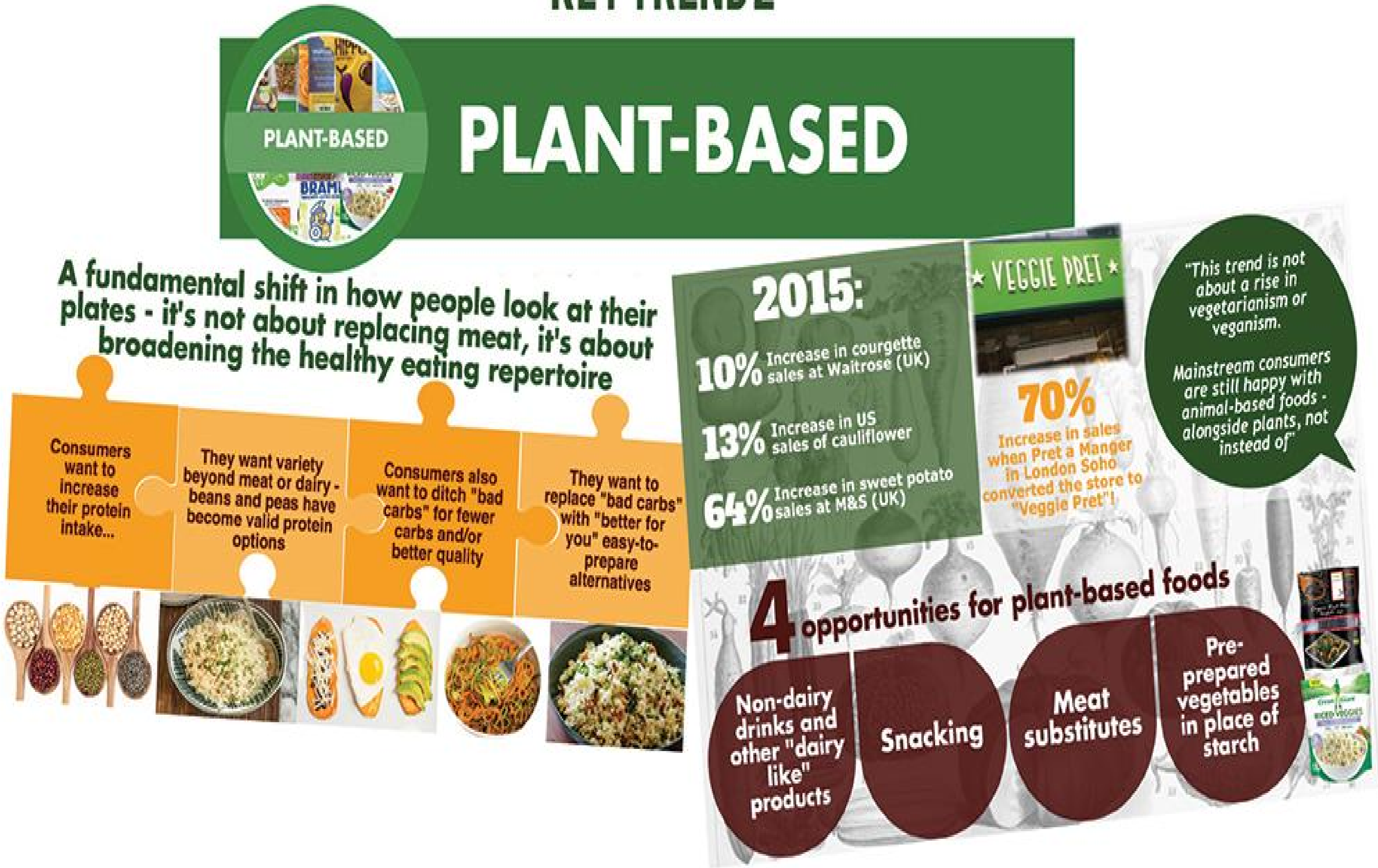
guaranteed traceability™

HyLife™ OMEGA pork

Antioxidants

- Understood by consumers
- Suggest “fresh” and “natural”
- # product segments
- Antioxidants have “re-invented” dark chocolate

KEY TREND 2



New Nutrition Business, Ten Top Trends for 2017

Plant Based Foods

- Plant-based food industry was ca. $3.5 billion in annual sales (2015)
- Growth of 8.7% over the past two years
- Compare to 3.7% for ‘general’ FB
- Plant-based
  - Meat, tofu, milk, yogurt, cheese and cream – greatest growth

SPINS data, 2013 to 2015

69%

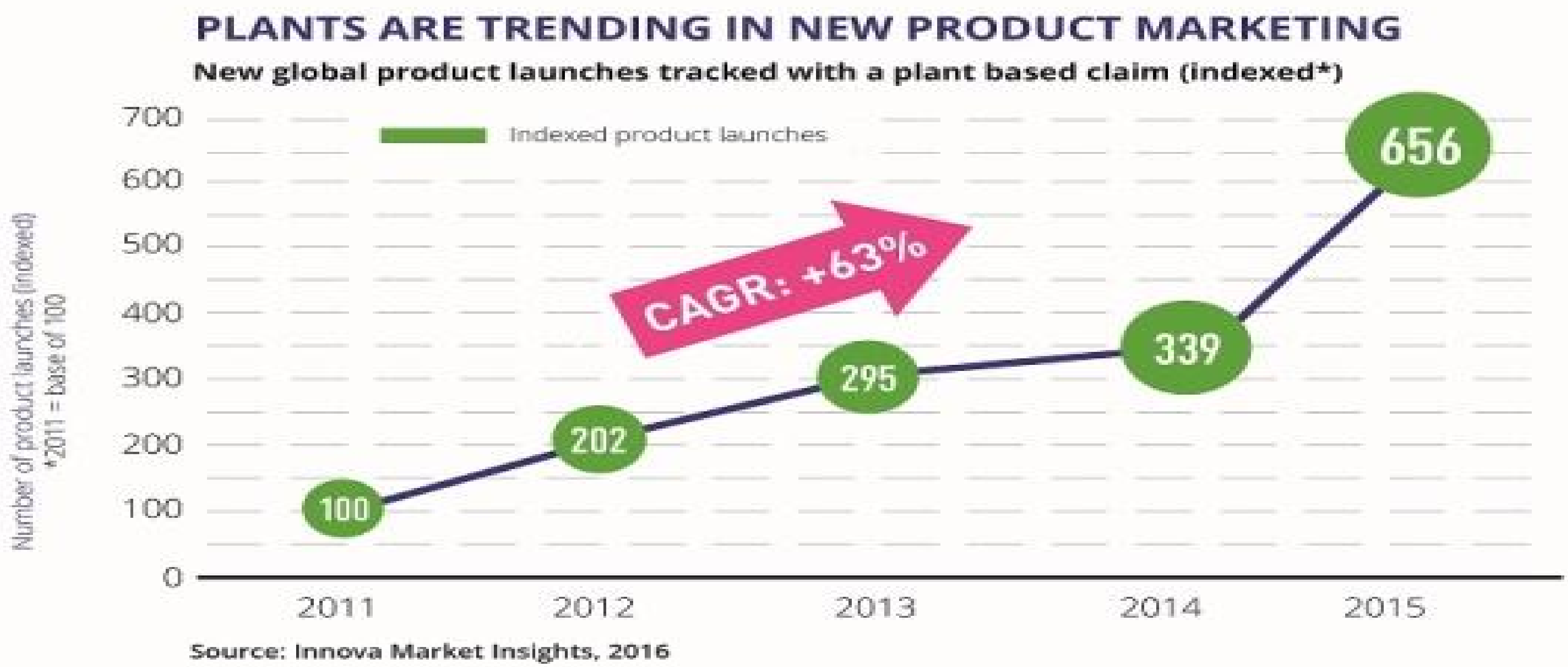
of consumers say they are eating more meatless meals and/or alternatives as part of a healthy eating strategy.

42%

of consumers say they are more likely to try plant-based alternatives now compared to five years ago.

63%

of consumers say they have tried plant-based protein alternatives.


PLANTS ARE TRENDING IN NEW PRODUCT MARKETING
New global product launches tracked with a plant based claim (indexed*)
Indexed product launches
Number of product launches (indexed)
*2011 = base of 100
CAGR: +63%
100
202
295
339
656
0
100
200
300
400
500
600
700
2011
2012
2013
2014
2015
Source: Innova Market Insights, 2016


the GOOD bean
CHIPS
BBQ BACON
BEAN CHIPS
Modern TABLE meals
Lentil Penne
Bean Pasta
GLUTEN FREE
Annie's
HOMEGROWN
Quinoa
Rice Pasta & White Cheddar
Gluten Free
REAL CHEESE
18g GF
Banza
CHICKPEA PASTA MAC AND CHEESE
CLASSIC CHEDDAR
18g GF
Banza
CHICKPEA PASTA SHELLS AND CHEESE
CLASSIC CHEDDAR


tempt
LIVING HARVEST
HEMP YOGURT
MAPLE
• GREEK STYLE •


VANILLA VANILLE
Hemp Bliss
ORGANIC HEMP BEVERAGE
BOISSON AU CHANVRE BIOLOGIQUE
946 ML


UNSWEETENED
CREAMY, DELICIOUS & GOOD FOR YOU!
Good Karma
Flax milk
DAIRY FREE
PROTEIN+
Unsweetened
Original


kite hill
CREAM CHEESE STYLE SPREAD
CHIVE
MADE FROM ARTISAN ALMOND MILK
VEGAN · NON-DAIRY · ORGANIC
MIYOKO'S
AGED ENGLISH
SMOKED FARMHOUSE
CREAMERY
No. 08
Handcrafted in California
CULTURED NUT PRODUCT
PERISHABLE, KEEP REFRIGERATED

CANADIAN Prairie Garden PUREES

Upmarket UK supermarket Waitrose bills spiralised vegetables as "an alternative to pasta"

KEY TREND 1

DIGESTIVE WELLNESS 2.0

What happens in the belly... doesn't stay in the belly

SCIENCE

- ✓ A new strategic focus in digestive wellness
- ✓ Digestive health as key for overall health

Change of focus for probiotics

From flooding the gut with good bacteria

to

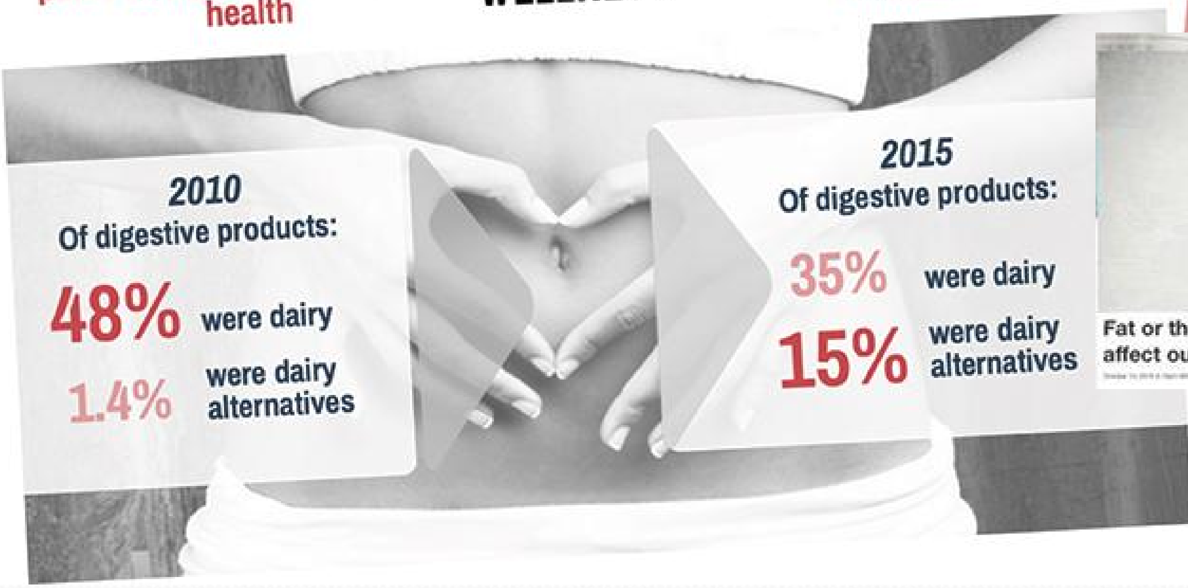
targeting specific health concerns with specific strains

MANY ROADS TO DIGESTIVE WELLNESS

Gluten-free & lactose-free are paths to digestive health

Free-from and Digestive Wellness are not separate markets

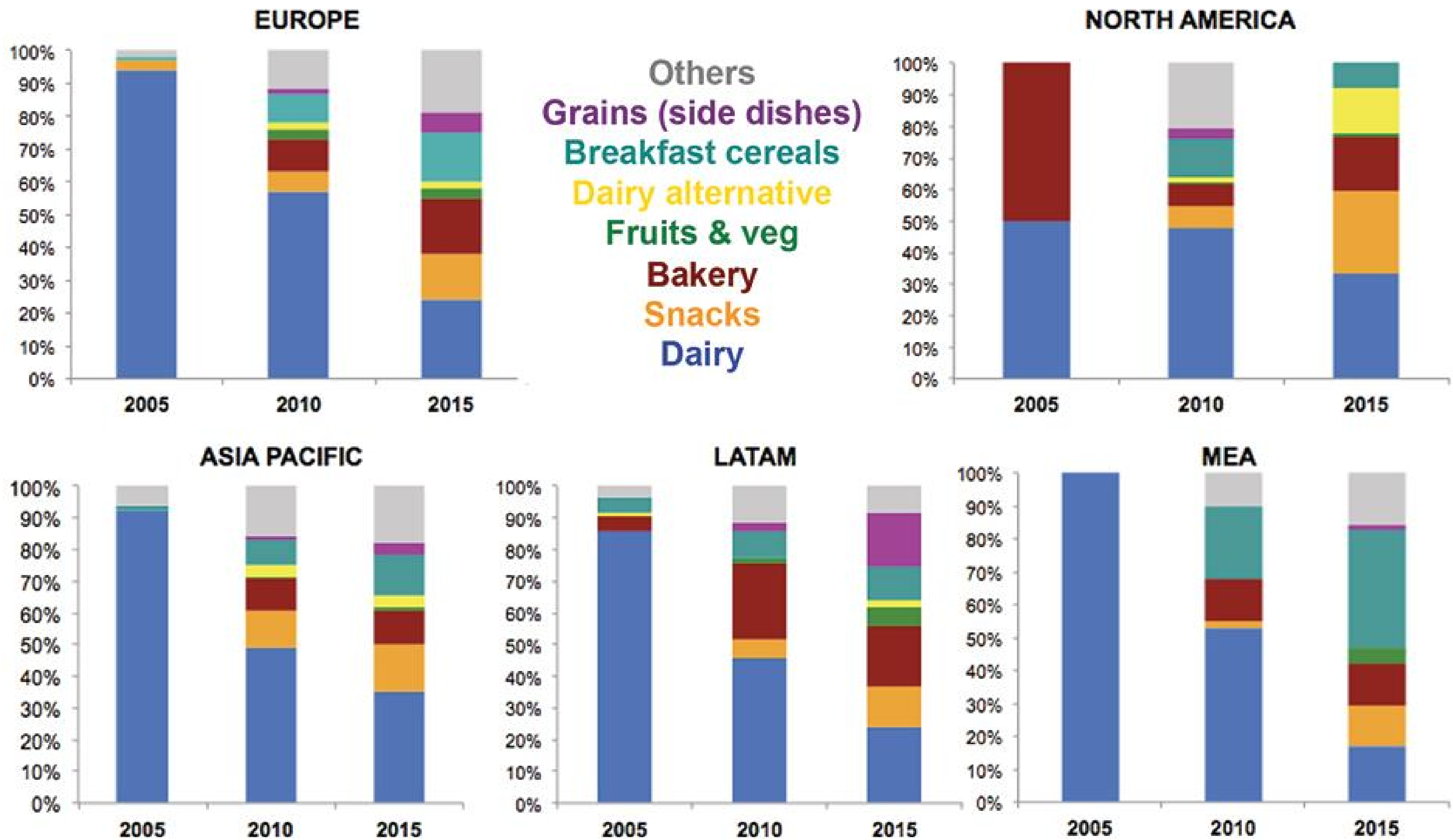
New digestive "free-from"



New Nutrition Business, Ten Top Trends for 2017

MORE CATEGORIES ARE PARTICIPATING IN DIGESTIVE WELLNESS

It's no longer "traditional" dairy brands alone that are benefiting what's known scientifically as the "microbiome" in the human digestive tract. In fact, while 10 years ago dairy products dominated the products launched with digestive claims, that's no longer the case, as the graphs below show.



KEY TREND 10

FREE–FROM

Spotlight shifting from gluten to dairy

Gluten-free rapidly becoming a hygiene factor – get in quick!

Growth opportunities of the next five years...

Likely to be in dairy-free and lactose-free, which are next (after gluten-free) in the hierarchy of consumers' free-from needs

Consumers seeking a solution to stomach upset will drive growth

THE BIG OPPORTUNITY

Lactose-free dairy in **South America, Africa and Asia** where there is a lot of lactose intolerance

Non-dairy the winner

The biggest, fastest-growing beneficiary of the dairy-free message is non-dairy milks and similar non-dairy products

Reducers not avoiders

People who look for dairy-free and lactose-free are often not cutting out dairy completely, just reducing the amount they consume because it makes them "feel better"

Gluten-free and dairy-free/lactose-free connect strongly to digestive health

People often report feeling a digestive benefit when they reduce dairy or gluten – and feel the benefit is one of the most important reasons for anyone to buy a healthier product

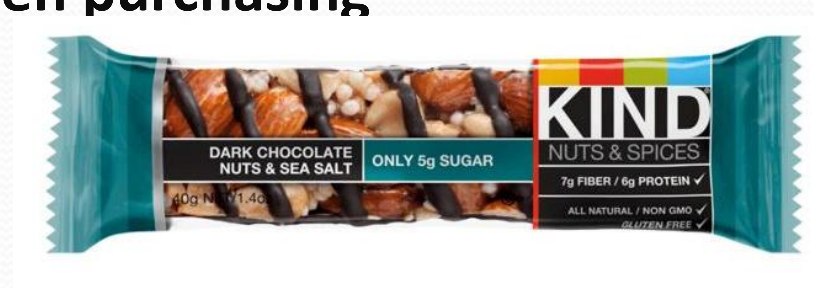
New Nutrition Business, Ten Top Trends for 2016

“Clean Label”

- **No regulatory definition**
- **Generally accepted as:**
  - **Removal of chemical sounding ingredients**
    - **Not easily recognized by consumers**
    - **More “Natural” sounding**
  - **Simpler, Fewer Ingredients**
  - **Whole Foods List**
  - **Healthier Nutrient Profile**
  - **Non-GMO and Organic claims**

Why discuss “Clean Label”

- **In absence of regulatory definition of “clean”, consumers and stakeholders are shaping trend.**
  - **Over 25% of US products in 2014 - clean label positioning**
    - **up from 20% in 2013.**
  - **73% of US consumers**
    - **important to have recognizable ingredients**
  - **28% of consumers**
    - **clean label is important when purchasing foods**



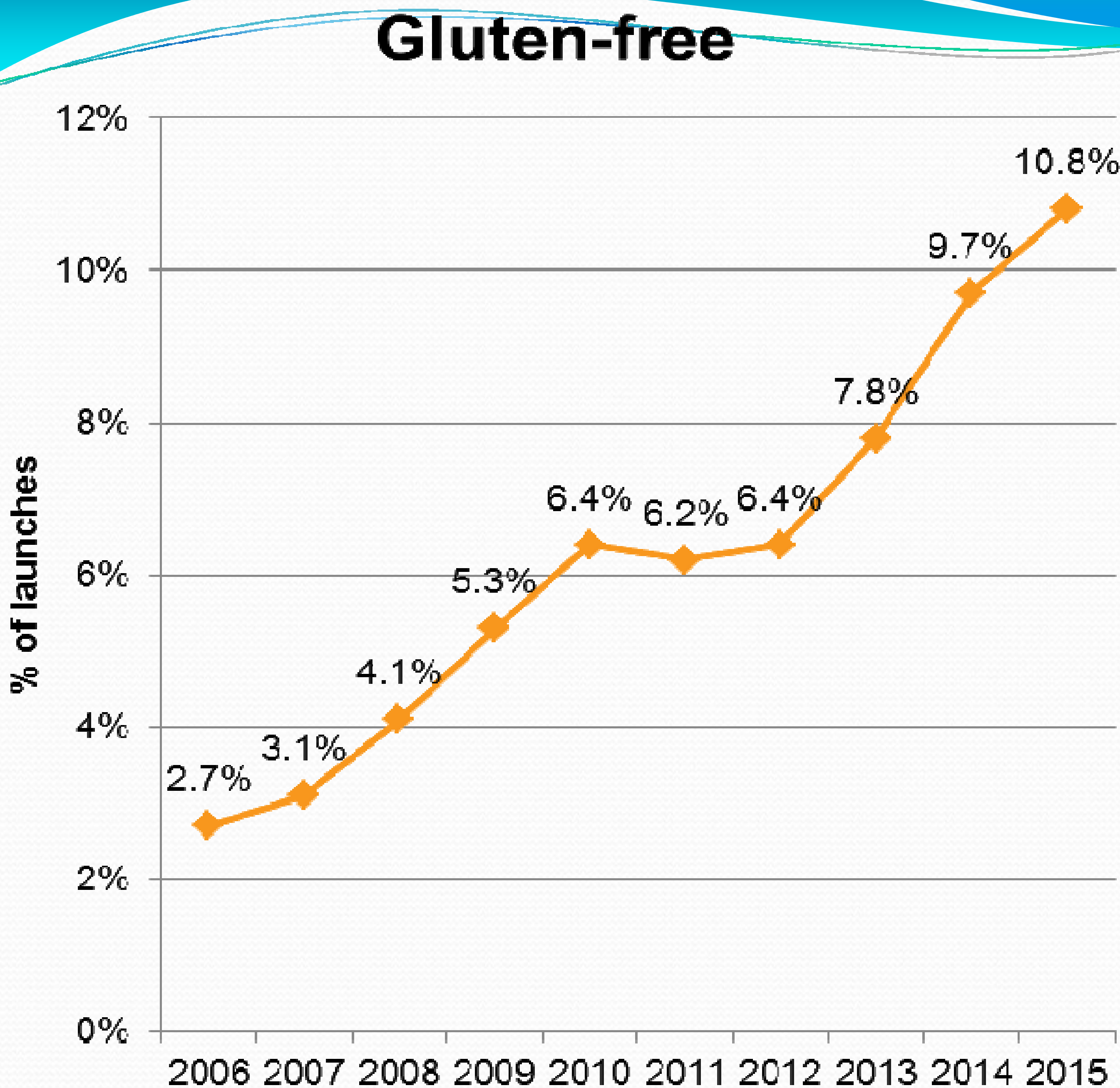
Innova Market Insights, 2015

Clean INGREDIENTS

Healthy CONVENIENCE

Granny's™

POULTRY FARMERS COOPERATIVE

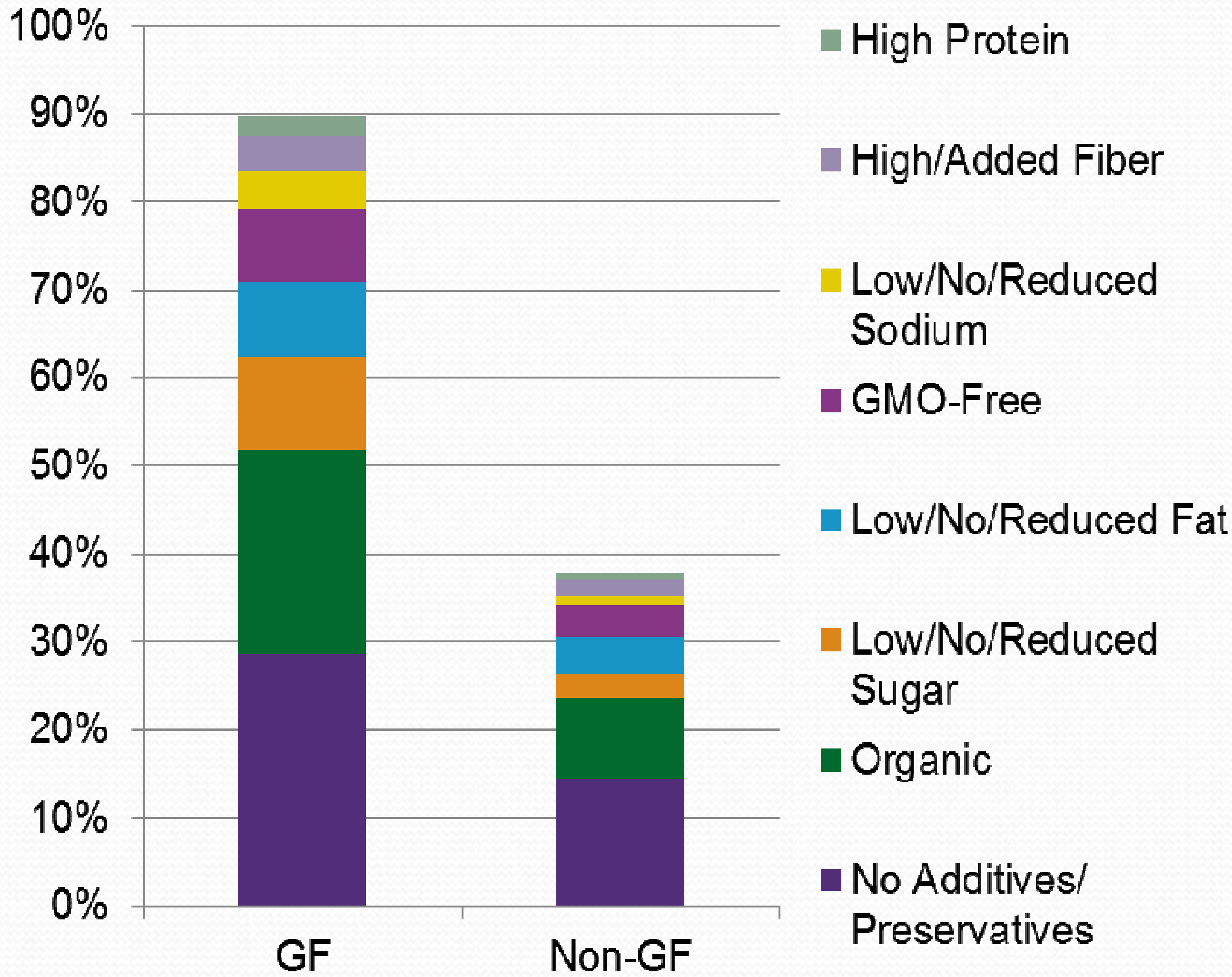


% Global food product introductions

(bakery, cereals, snacks, pasta & noodles)

(Mintel, 2015)

Gluten-free vs. Non-Gluten-free (% of launches by selected claim)



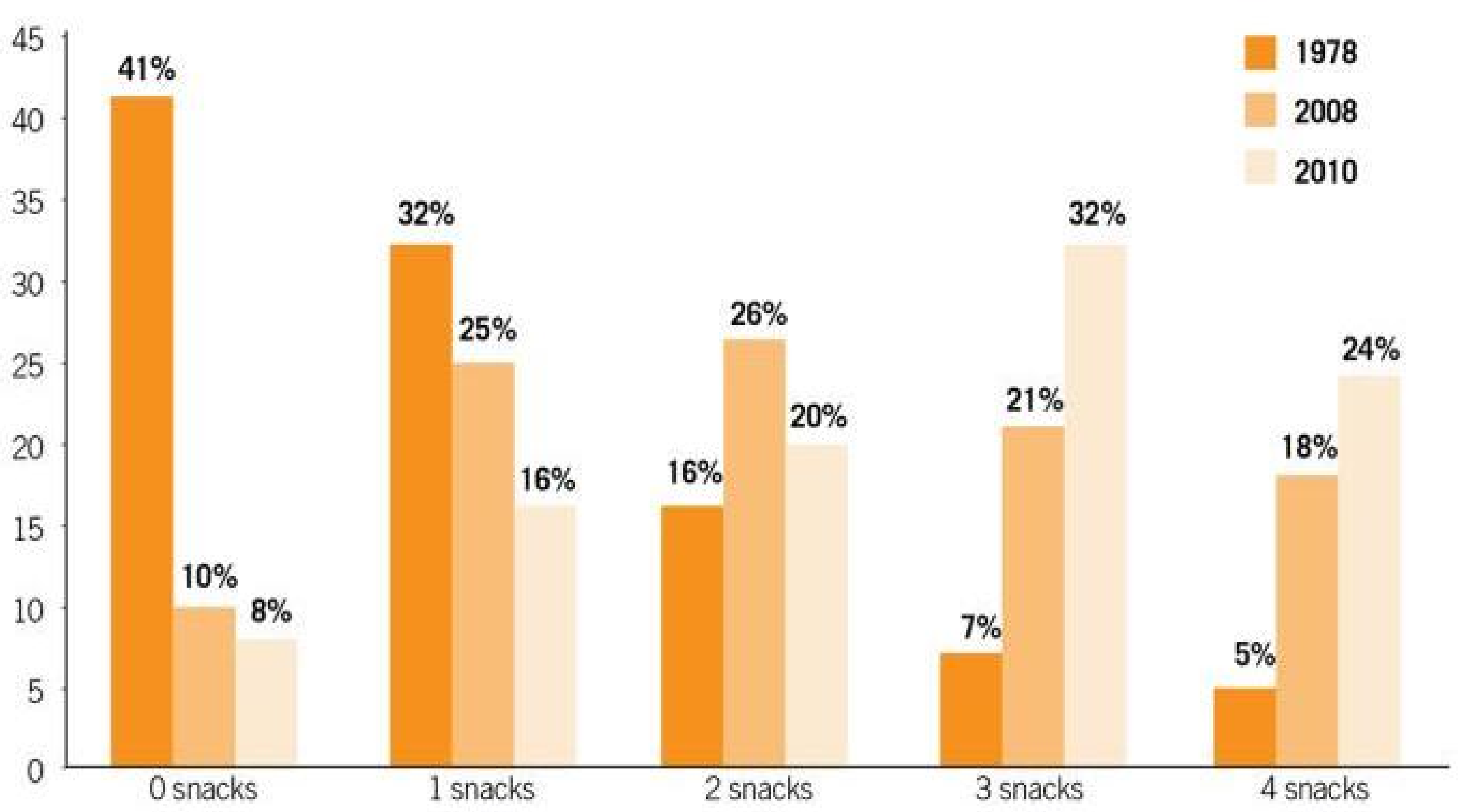
Europe

A gluten-free product much more likely to also claim organic, low sugar and fat, no additives or preservative than a 'regular' product

(Mintel, 2015)

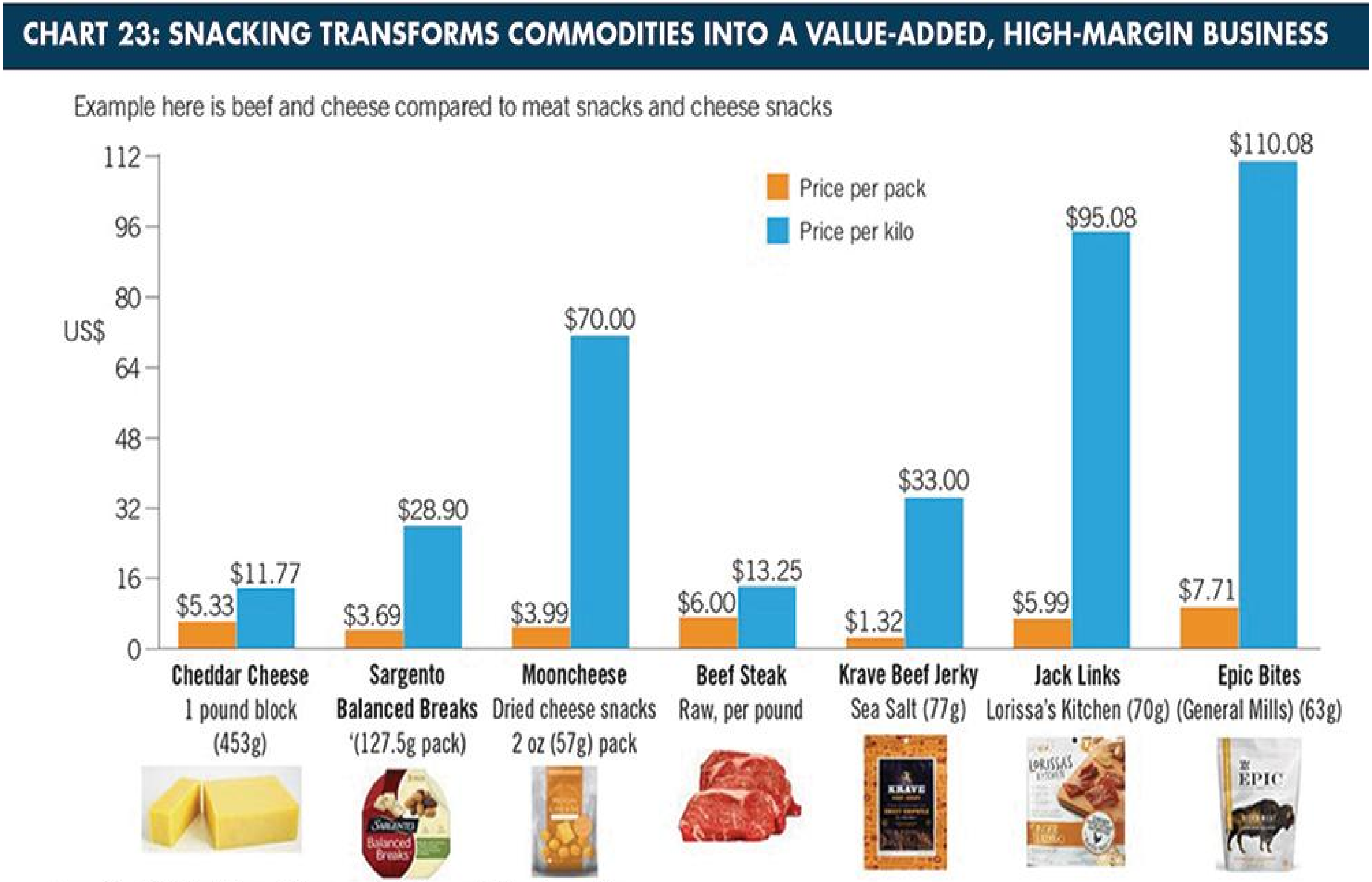
New Nutrition Business, Ten Top Trends for 2017

Over the last decade – 44% increase in people having at least 3 snacks /day



New Nutrition Business, 2016

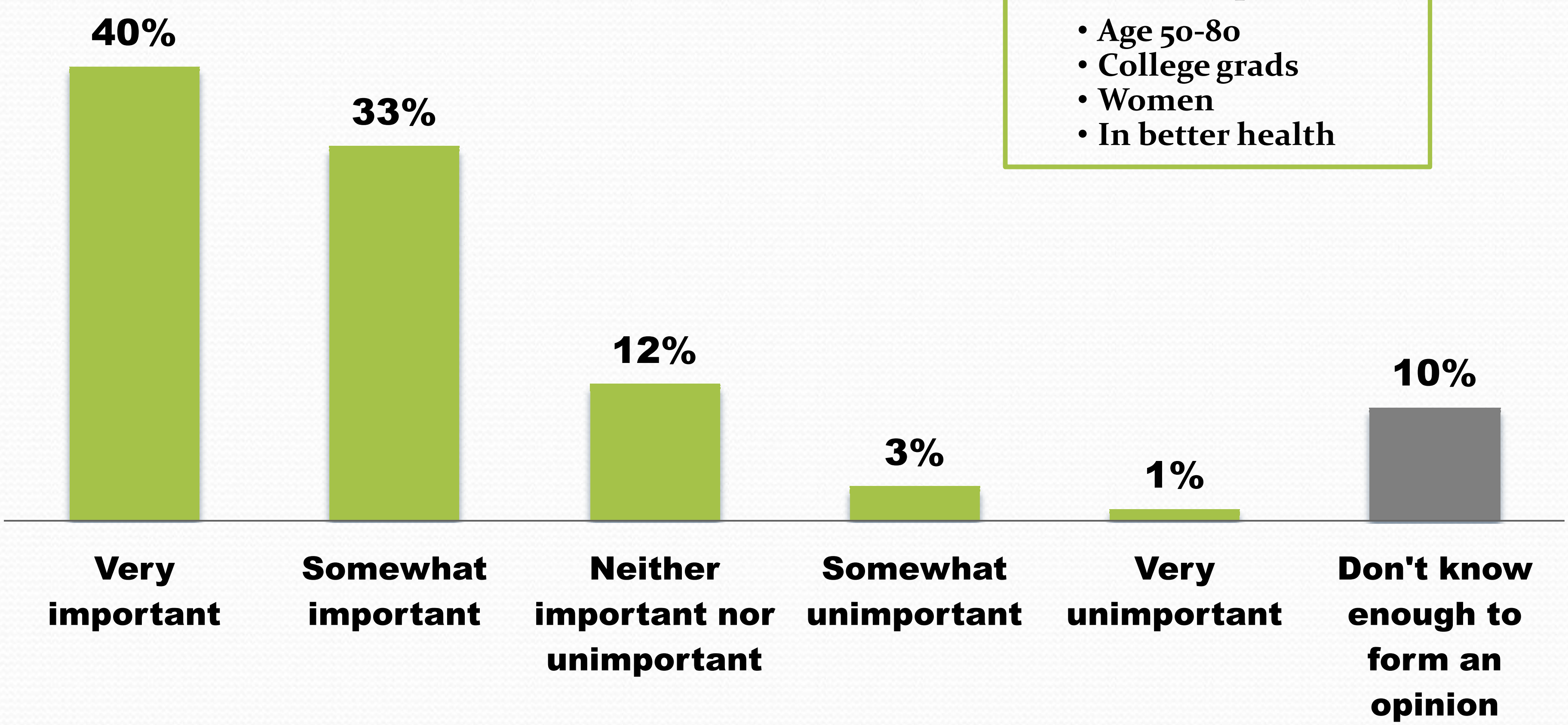
Hartman Group, 2017



Source: New Nutrition Business pricing survey in Safeway and other supermarkets

New Nutrition Business, Ten Top Trends for 2017

Seven in ten think it is important that the food products are produced in a sustainable way

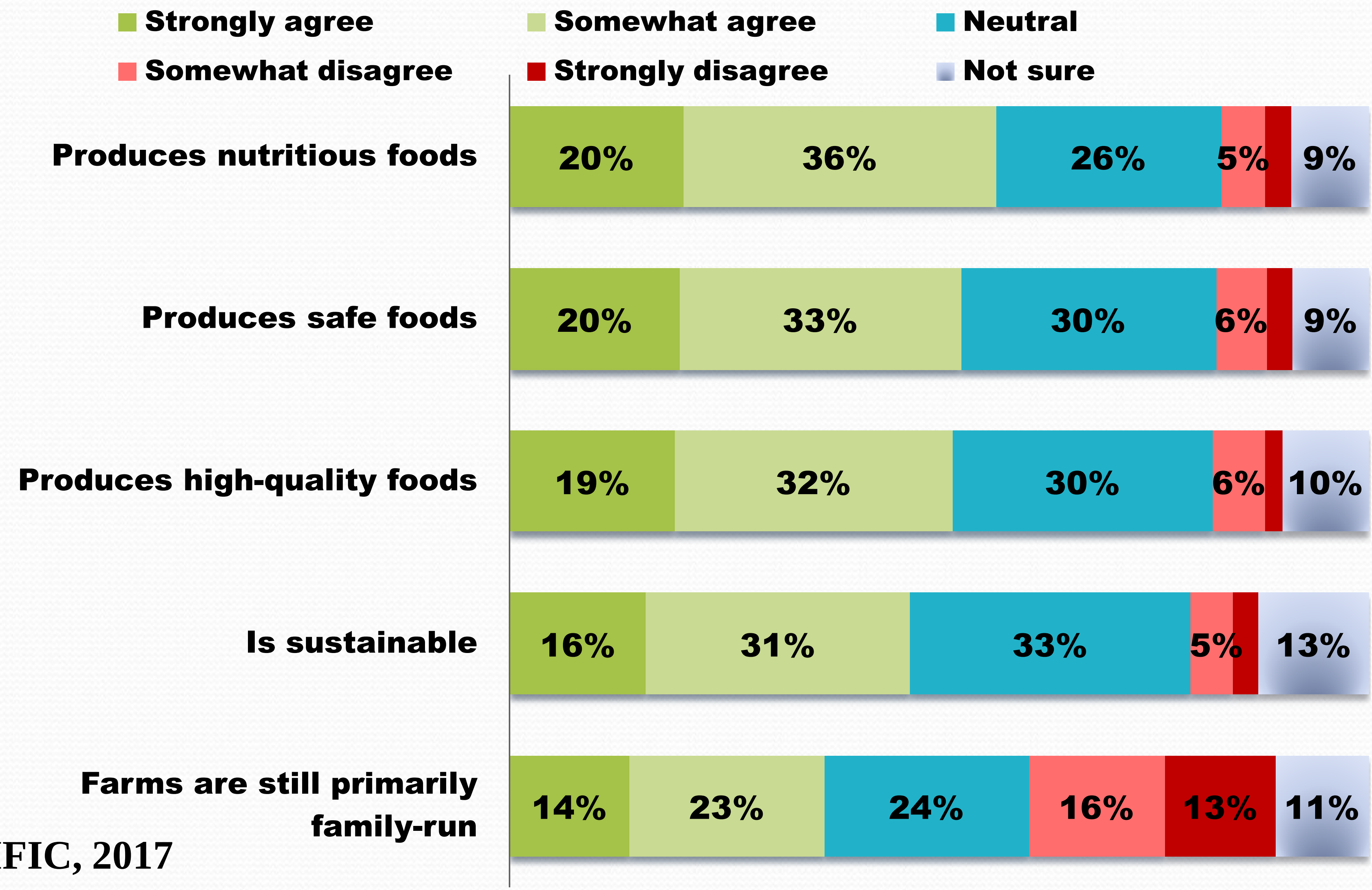


Who is more likely to see it as important?

- Age 50-80
- College grads
- Women
- In better health

IFIC, 2017

Half agree that modern agriculture produces nutritious foods, safe foods, and high-quality foods

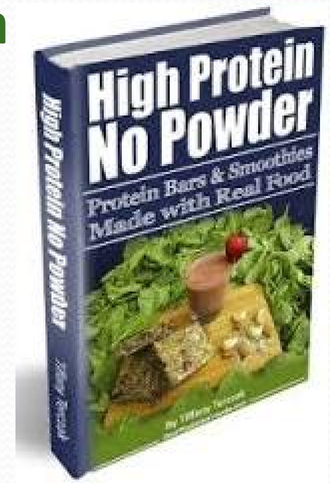


IFIC, 2017

Summary

1. Does the ingredient/product have some nutritional properties, some science?

2. Has it got marketing muscle and/or media appeal?

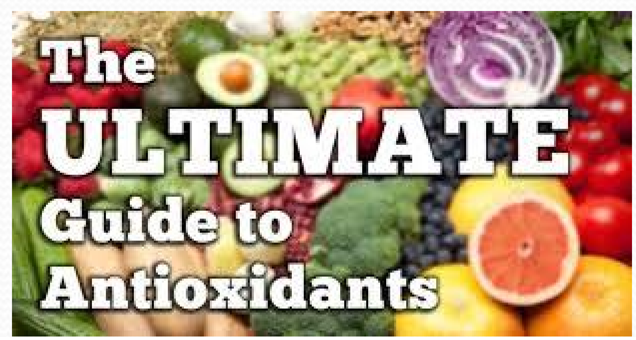


3. Offers convenience and snackification possibilities?

4. Allows creativity with food technology and/or packaging technology?

5. Price – can you get a premium price?

6. Is there a secure supply chain?



7. Which consumer trends does the ingredient connect to?