KEY TRENDS AND OPPORTUNITIES IN FOOD AND RETAIL

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14 JUNE 2012

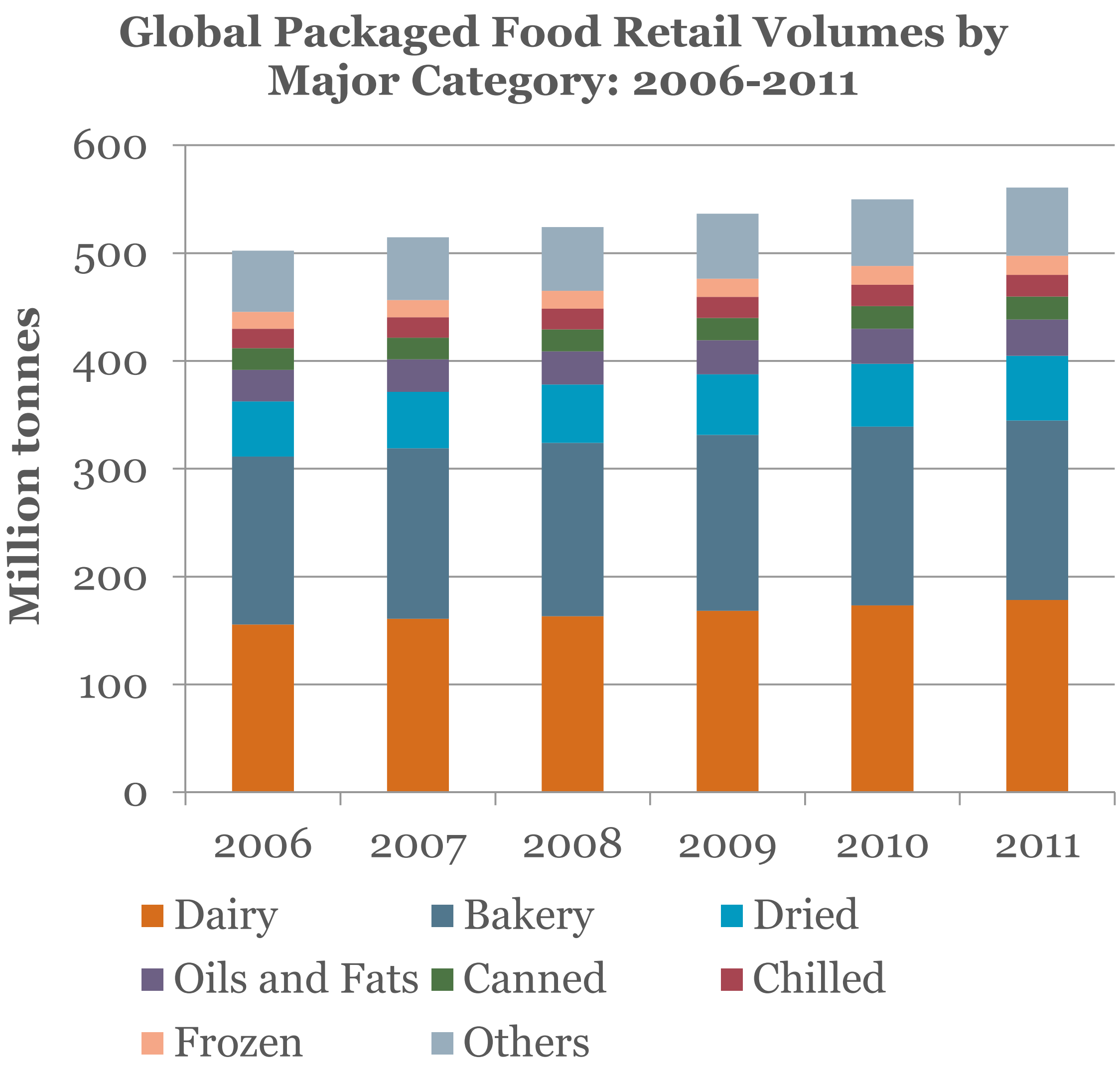
PACKAGED FOOD MARKET PERFORMANCE

MAKING SENSE OF FOOD PRICES

MARKET OPPORTUNITIES AND PROSPECTS

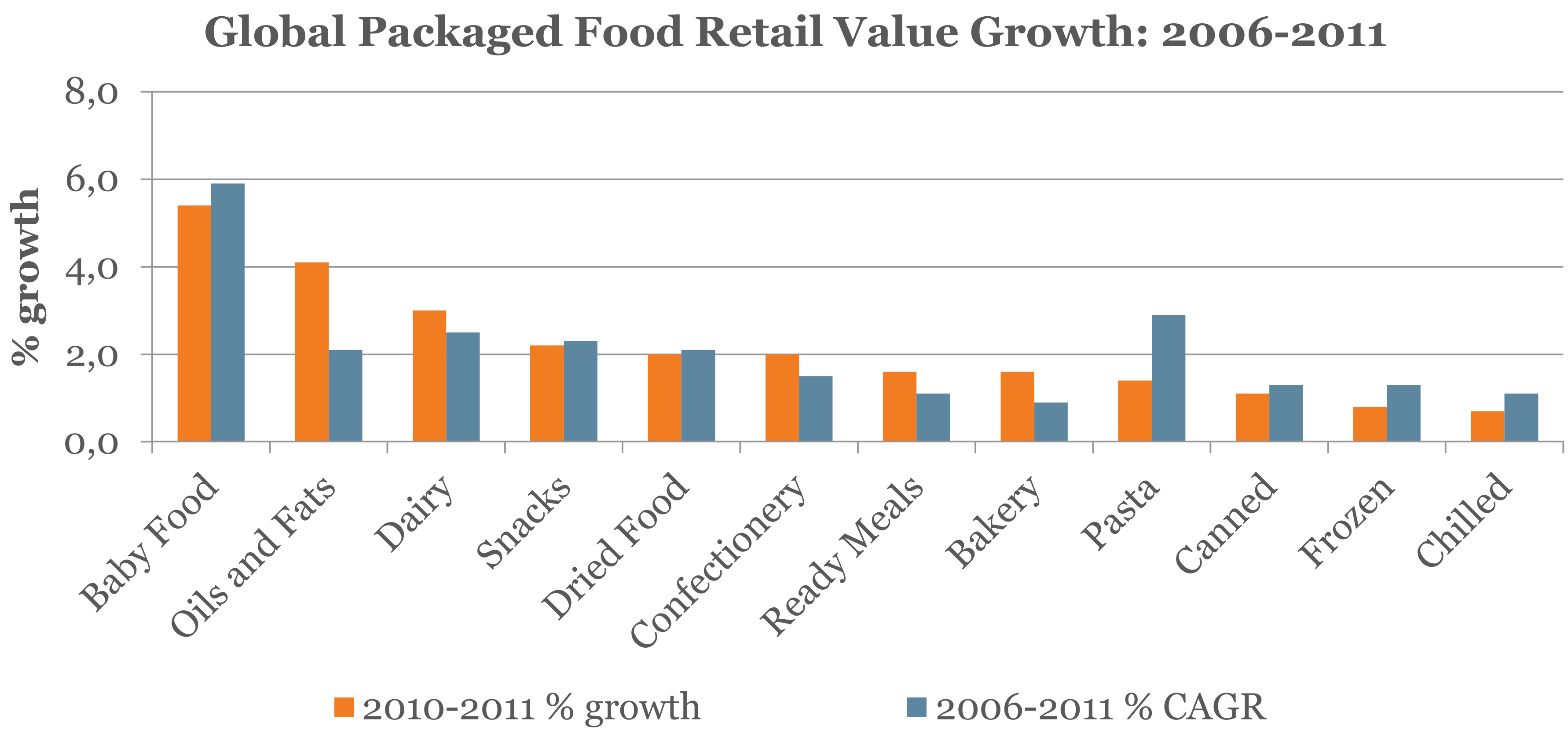
Q&A

Packaged Food Retail Volumes Carry On Growing In 2011



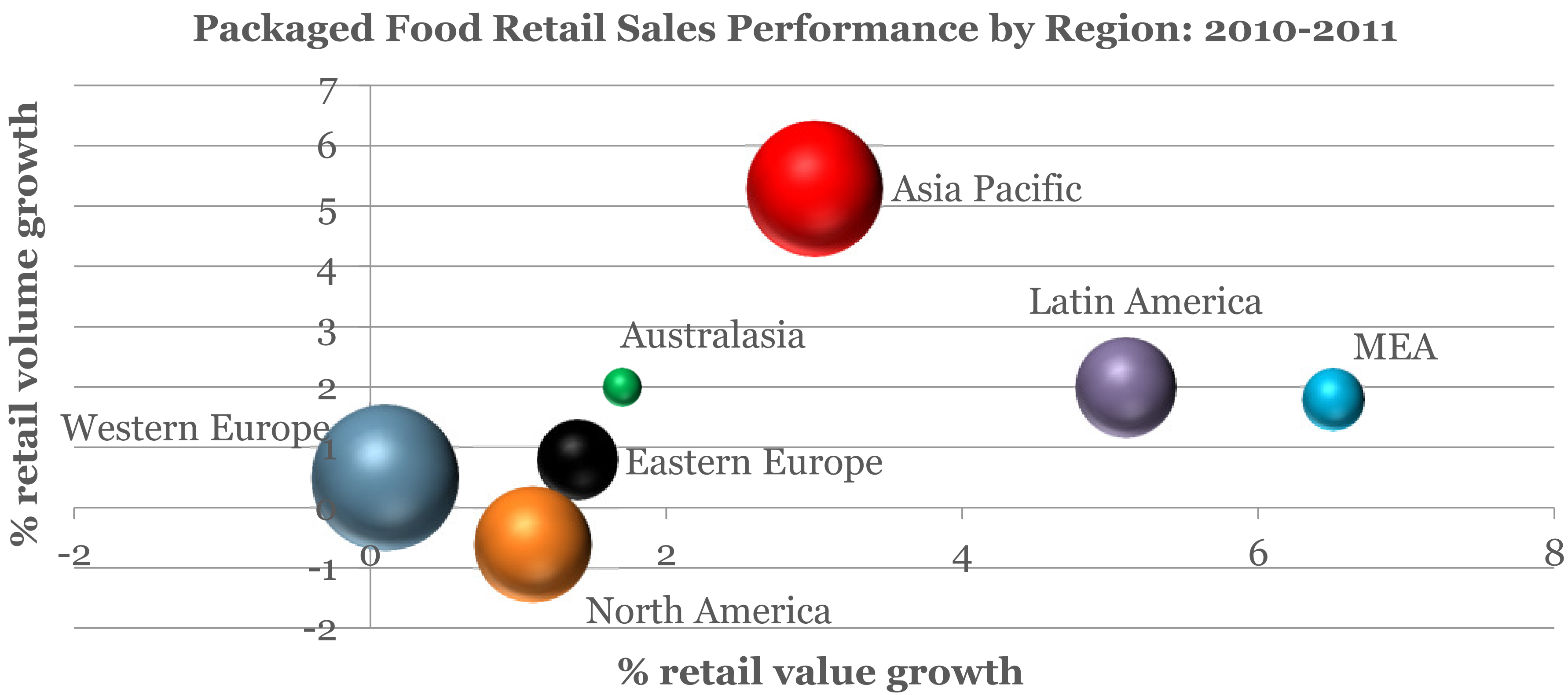
- Retail volumes surpass 560 million tonnes in 2011
- 2% increase from 2010
- Consistent with broader 2006-2011 CAGR
- Packaged food remains essential in developed and developing markets

Packaged Food Categories Growth In 2011



- Global retail values surpass US$2.1 trillion in 2011
- Real terms gain of over 2% from 2010, ahead of 2006-2011 CAGR of 1.7%

Emerging Regions Drive Global Packaged Food Retail Growth

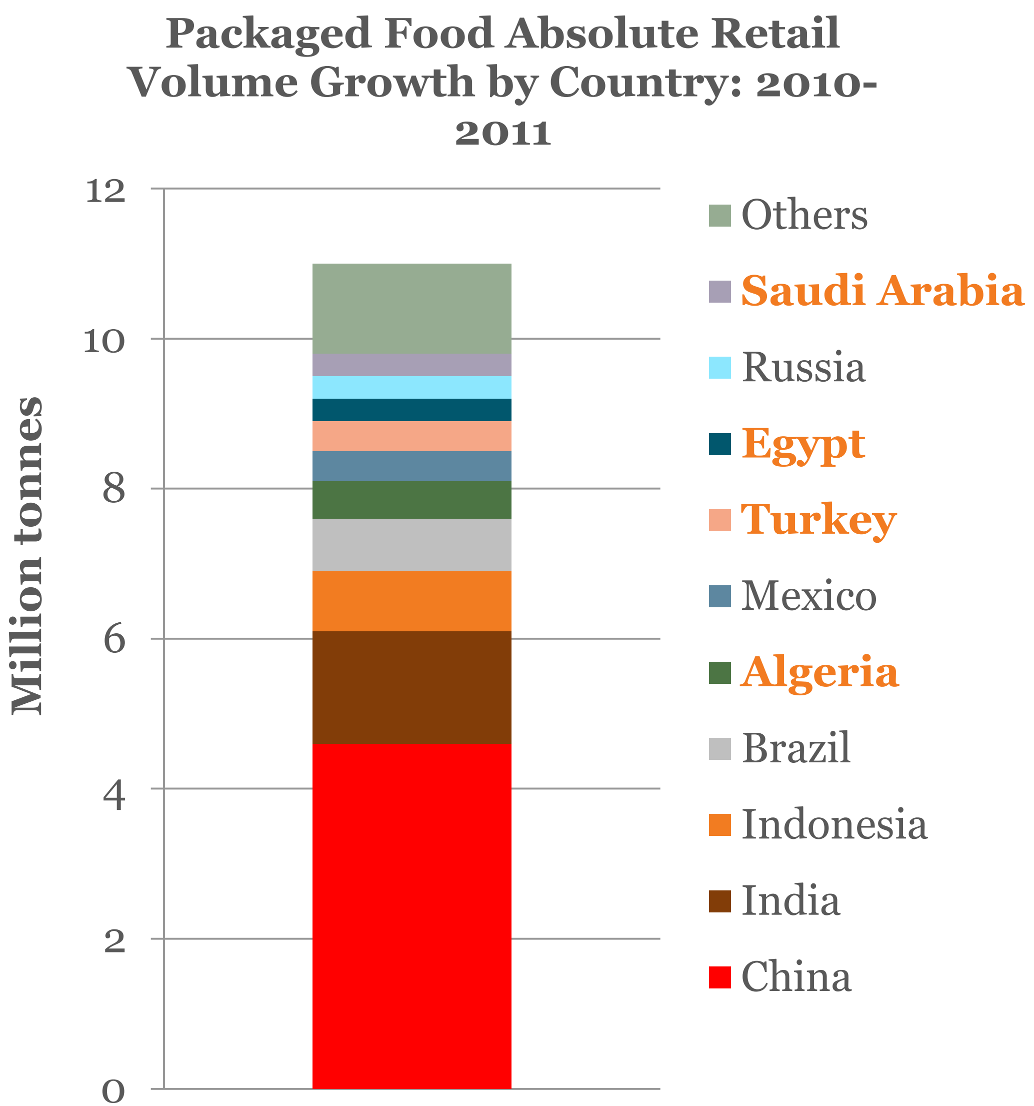


Note: Size of bubble denotes US$ retail value sales for 2011 at fixed 2011 exchange rates and prices.

Global Packaged Food Growth Drivers

- China, India and Indonesia driving global Packaged Food

- Middle East region also among the key contributors



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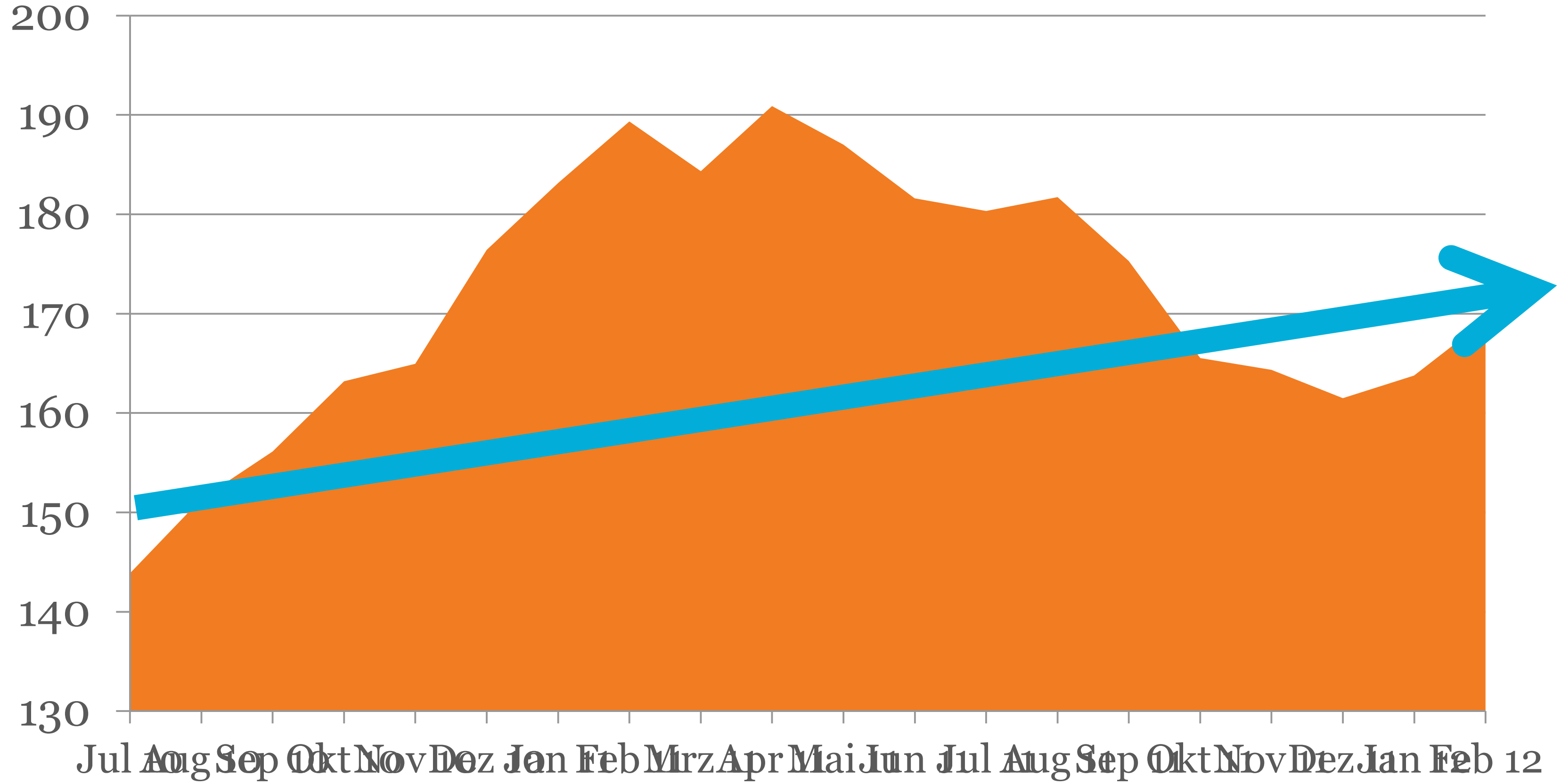
Global Food Input Costs Have Fallen But Remain Elevated

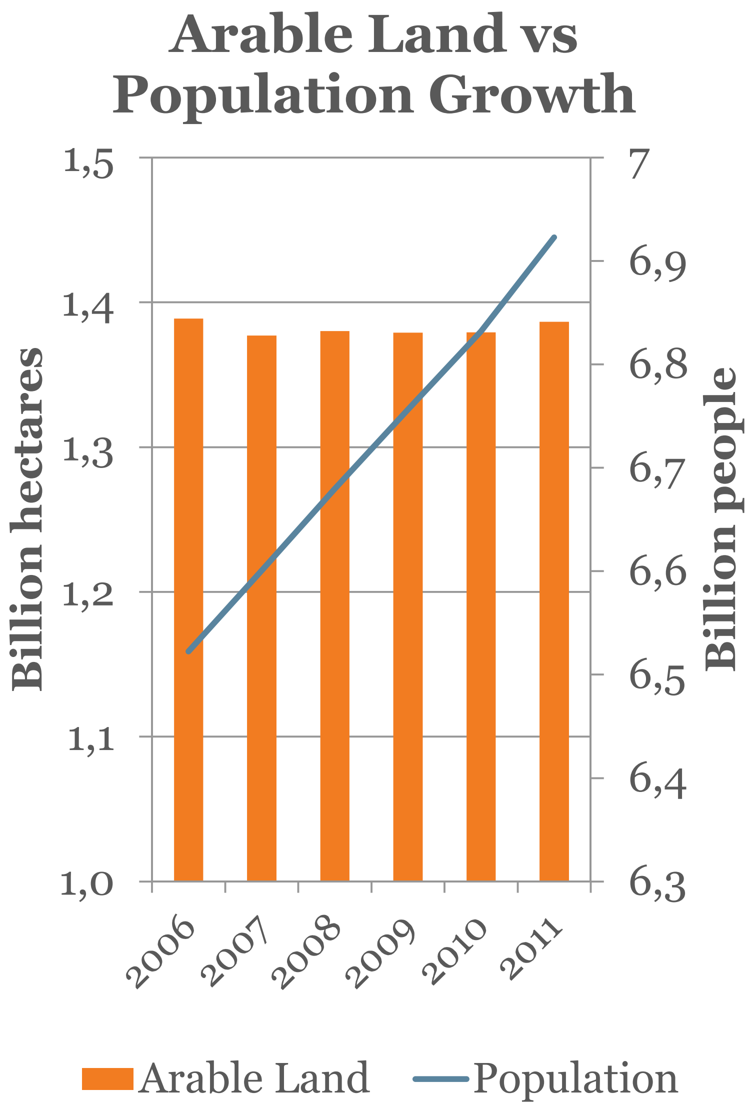
**Commodity Food Price Index:
July 2010–October 2011**

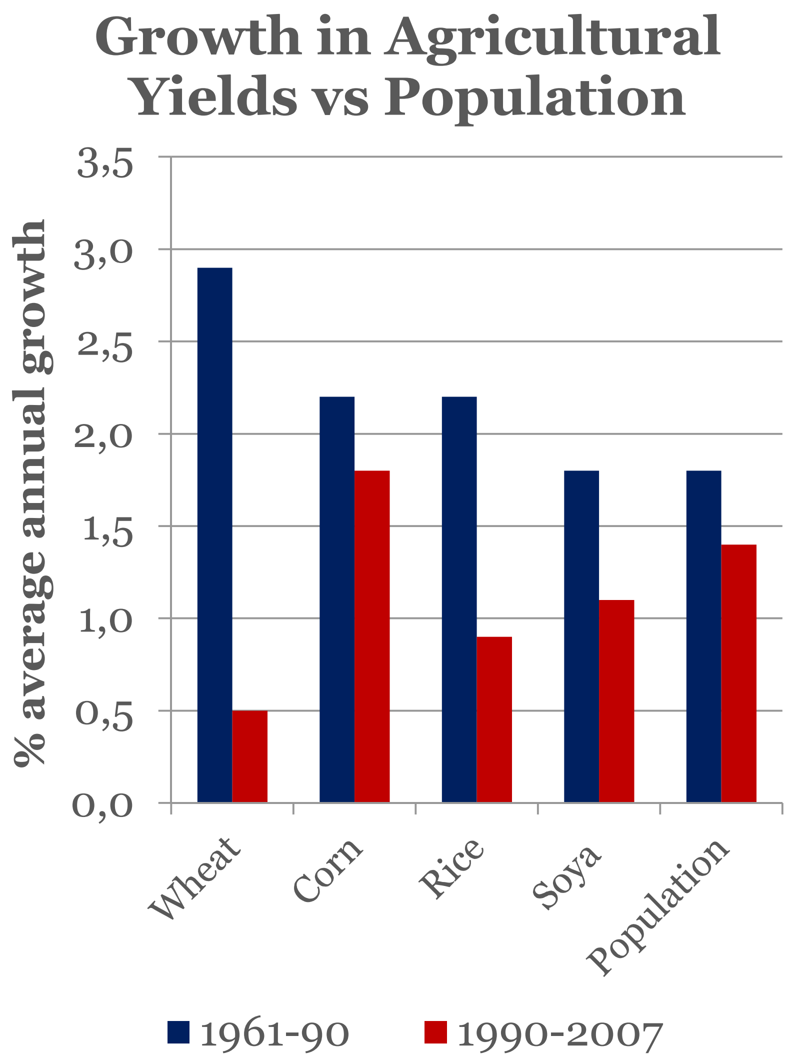


Source: Euromonitor from IMF and UN Food and Agriculture Organisation

Includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges; 2005=100

Global Food Production Not Keeping Up With Population Growth

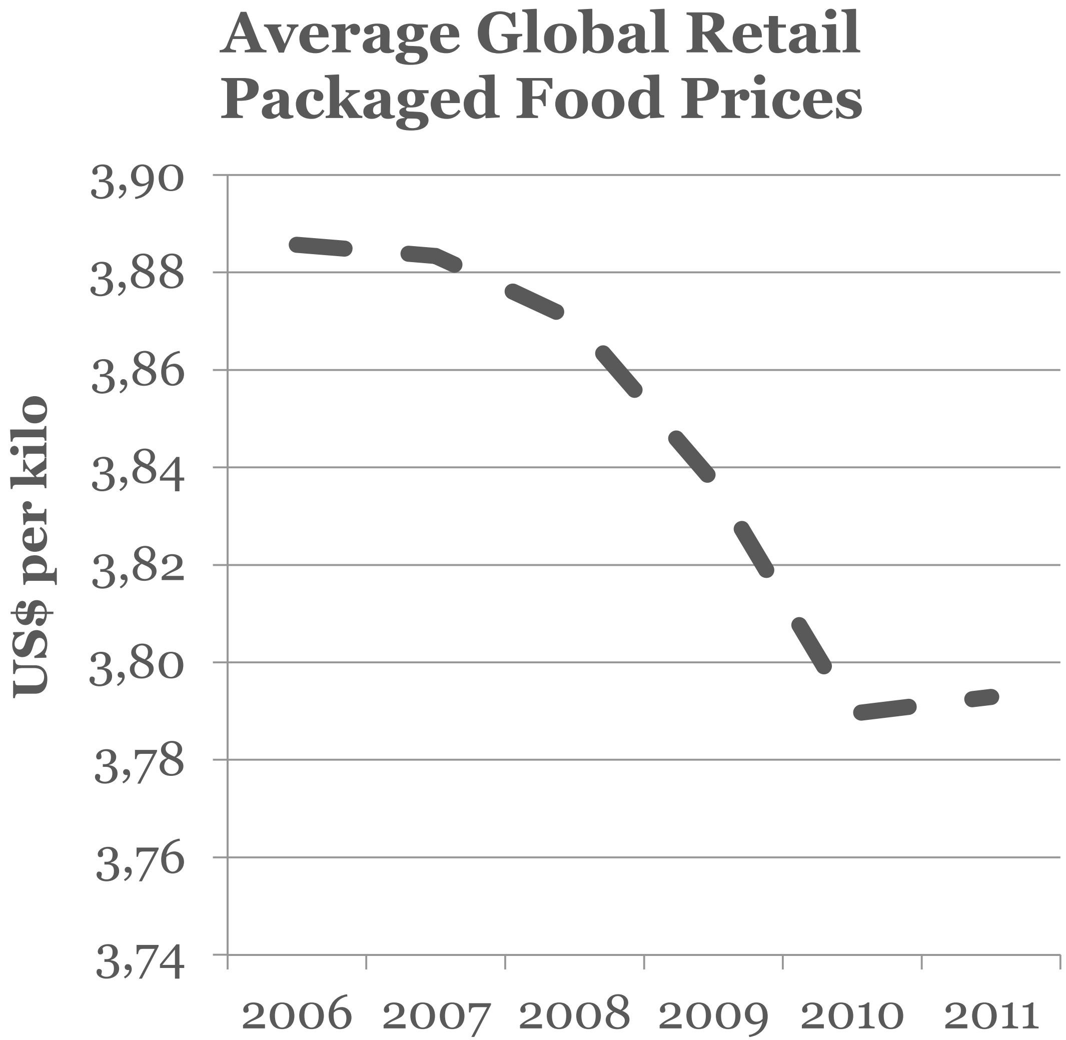




Source: Euromonitor from UN FAO

Are food prices going up?

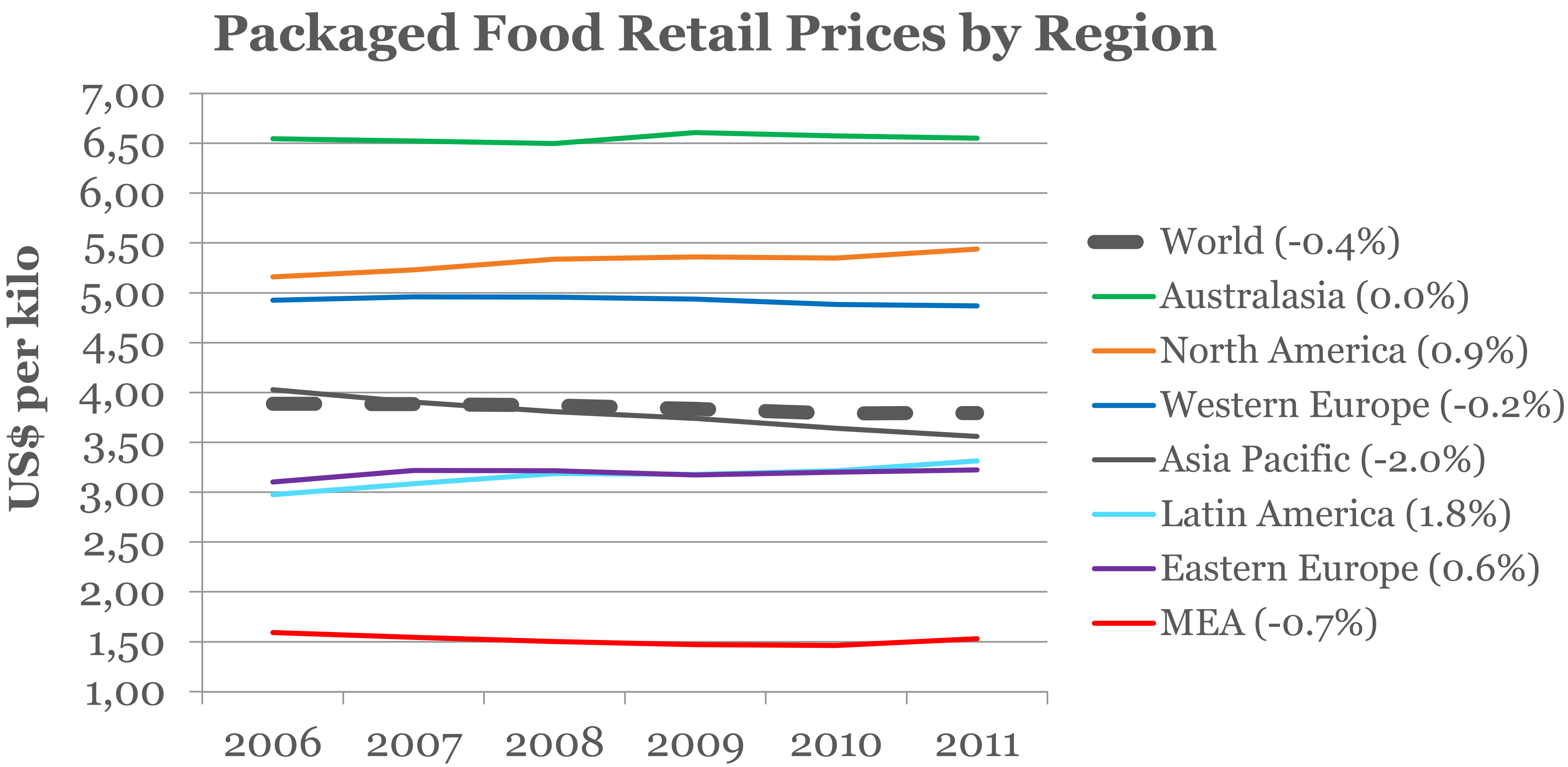
Global Packaged Food Retail Prices Declining Steadily



Note: Constant value, fixed 2011 US$ exchange rates

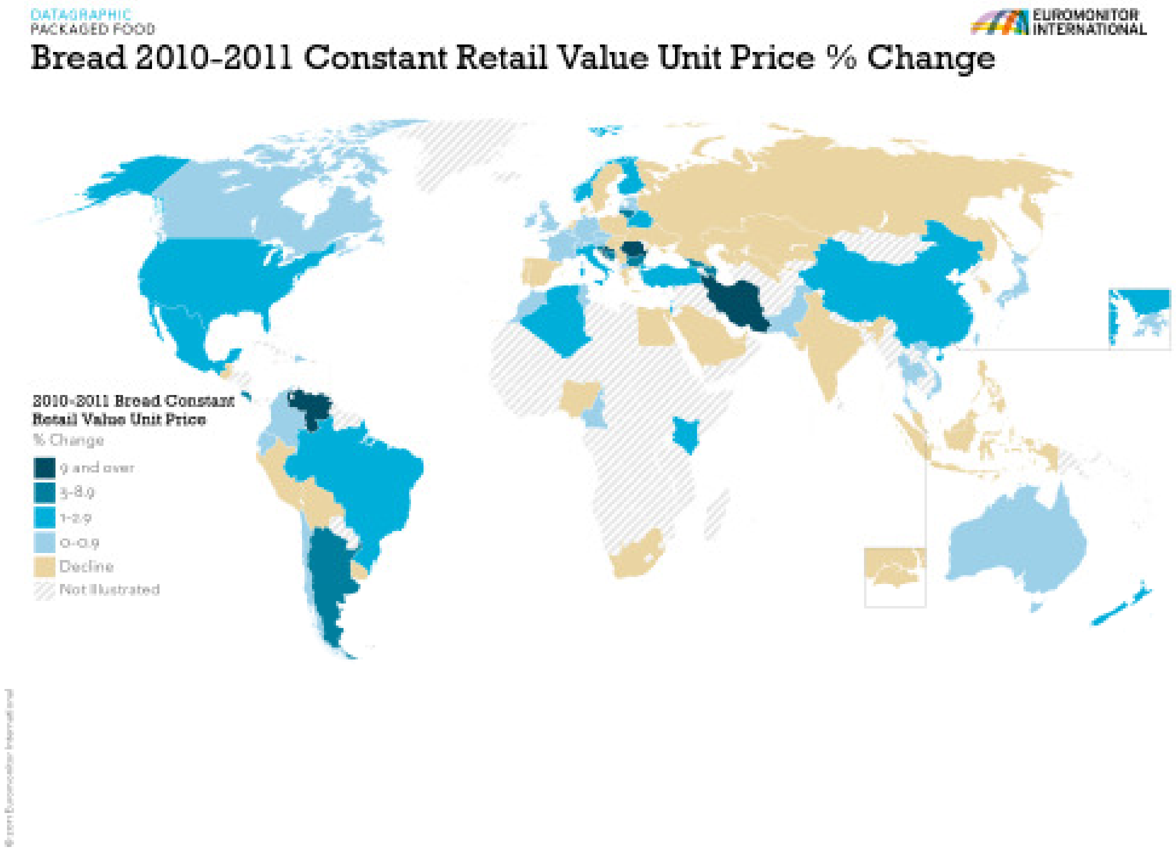
- Average packaged food retail prices have fallen by 10 cents since 2006
- Real terms price decline of nearly 3%
- Retail prices falling thanks to:
  - Retail consolidation
  - Private label encroachment

Packaged Food Retail Prices Falling Fastest in Asia Pacific



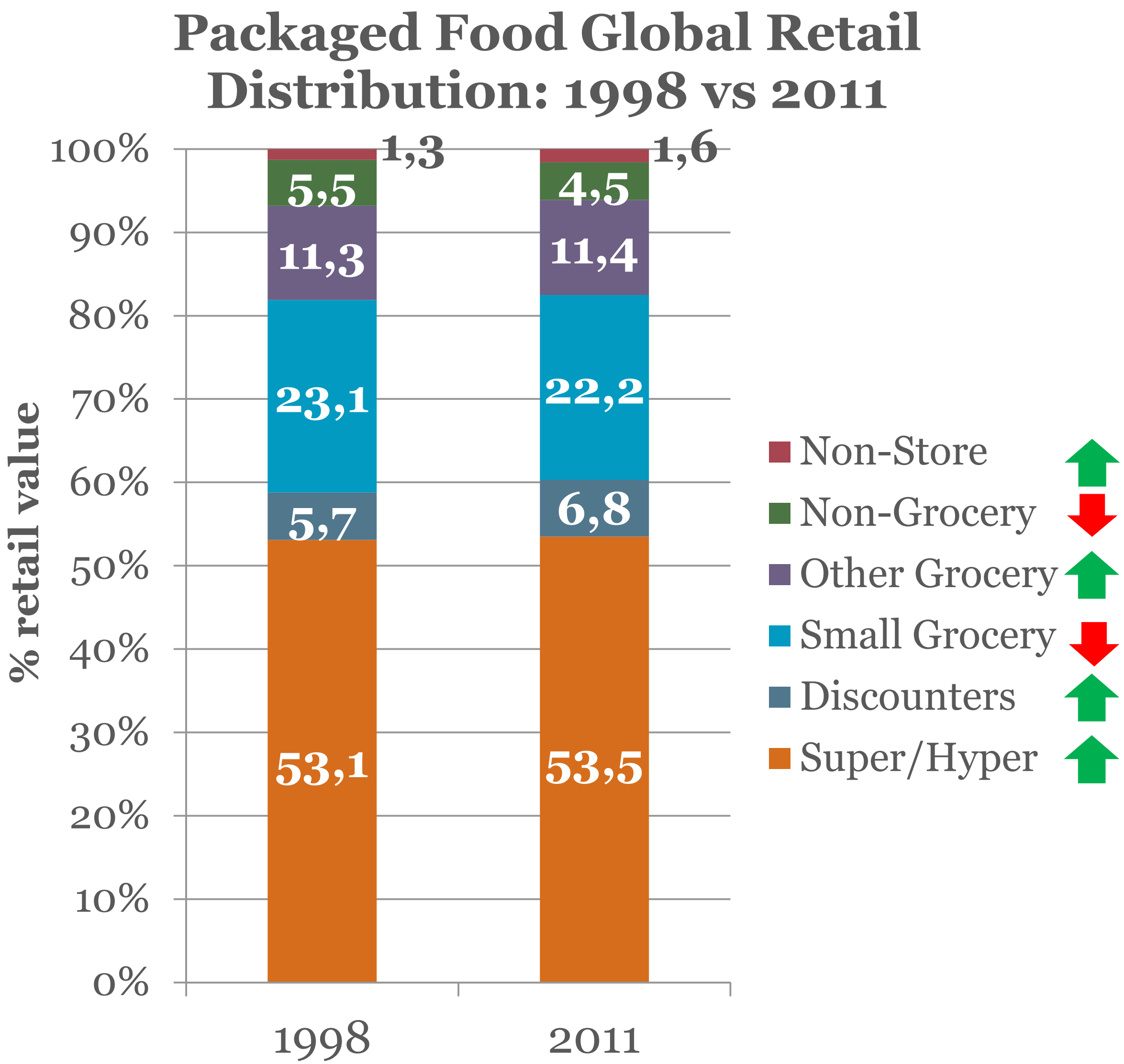
Note: Constant value, fixed 2011 US$ exchange rates; (x%) denotes Retail Price CAGR 2006-2011)

Bread Retail Prices Flat To Declining Across Most Countries



- Of 80 researched markets:
  - **29** see real terms retail price **decline**
  - **33** see retail prices **rise less than 2%**
  - **10** see retail prices **rise 2-5%**
  - **8** see retail prices **increase more than 5%**

Modern Grocery Formats Gain Share, Drive Down Retail Prices



Private Label Packaged Food Driving Down Global Retail Prices

- 2010 global private label retail sales hit US$250 billion, up 2% on 2009
- Driven by Western Europe
- Underperforming in emerging markets
- Brands still aspirational in emerging markets

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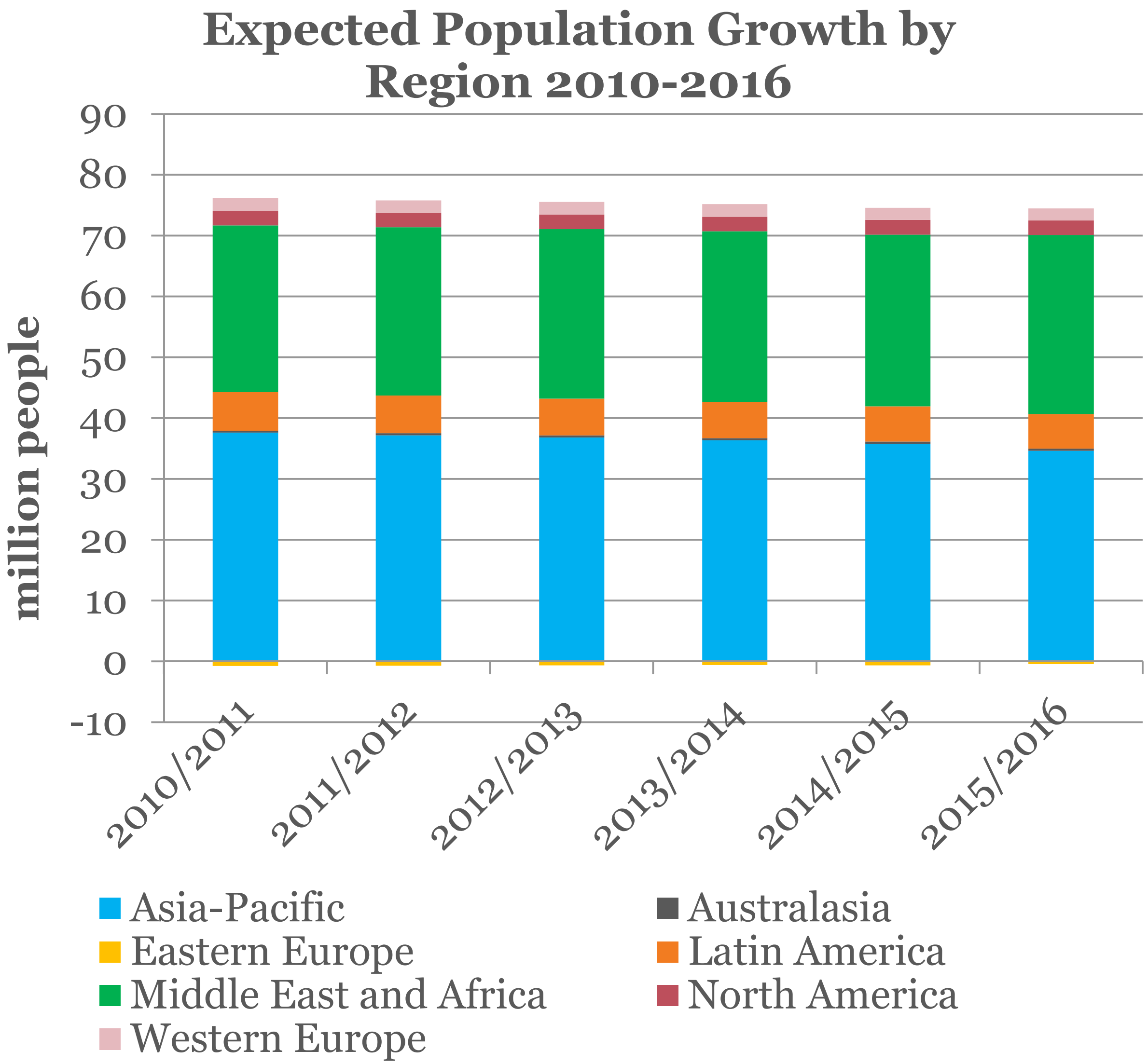
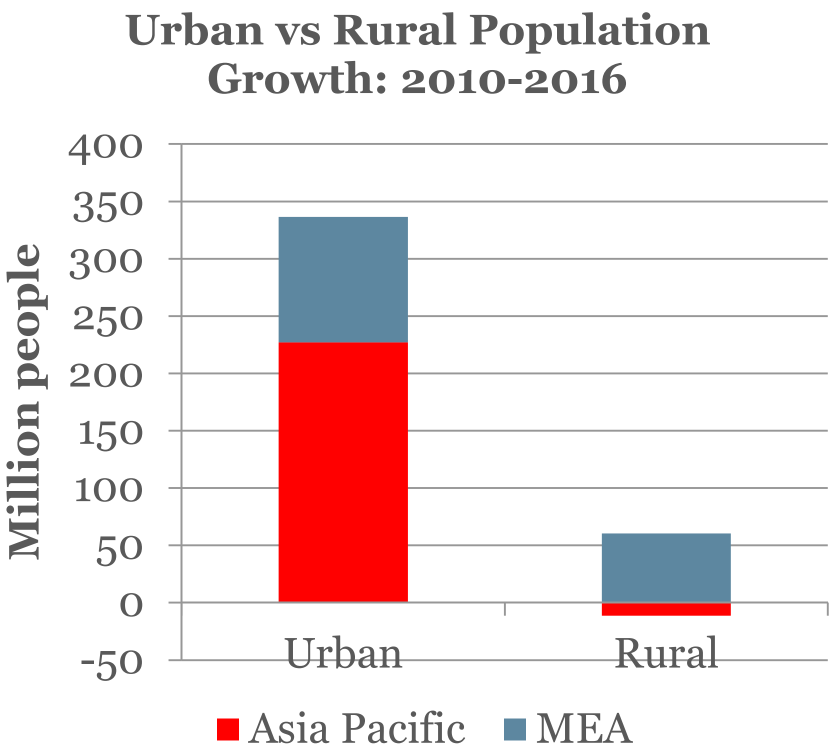
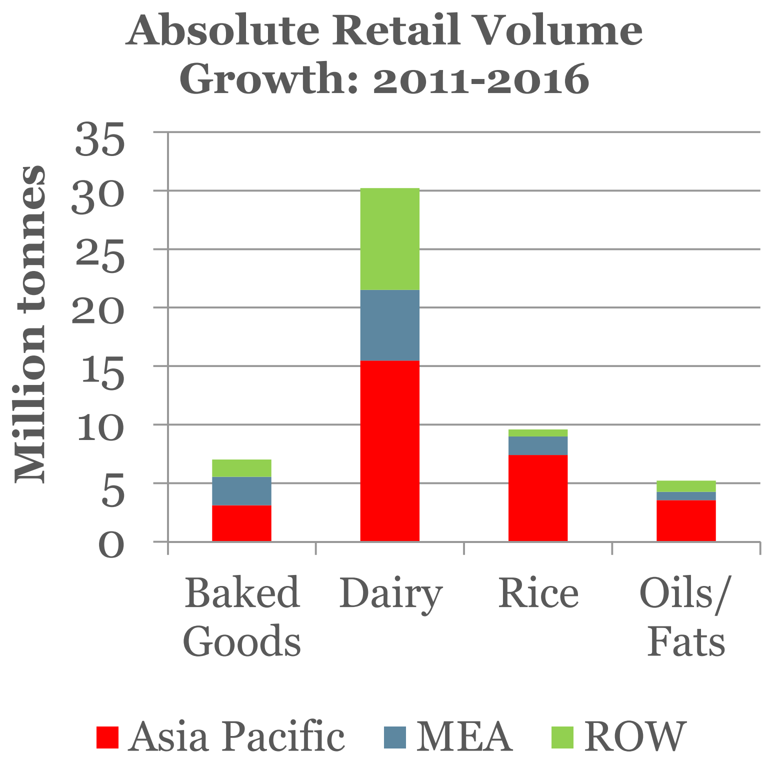
Global Population To Grow By 448 Million By 2016



- More mouths to feed, supports volume led retail growth
- Biggest gains in Asia Pacific and MEA

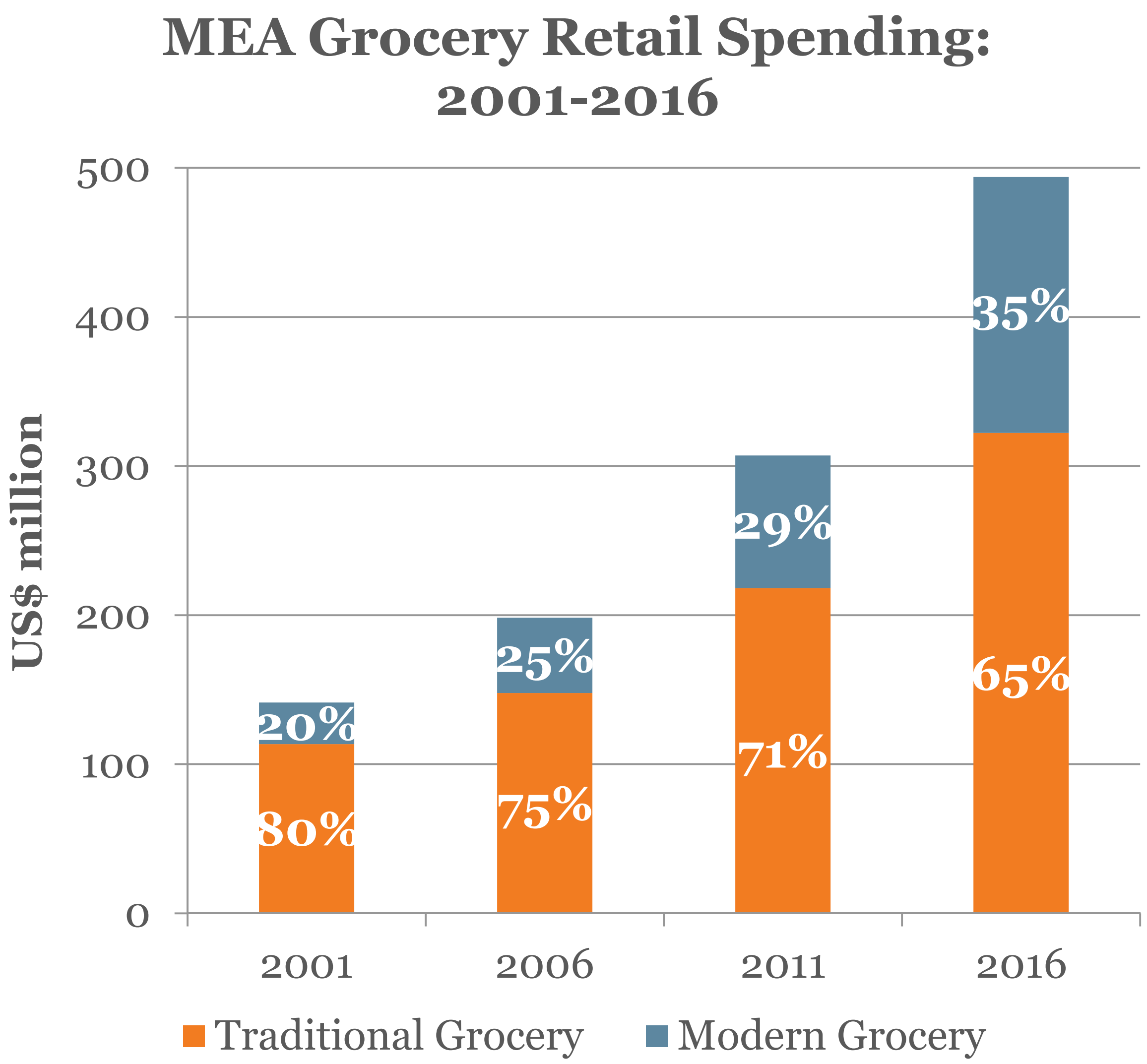
Urbanisation Typically Benefits Packaged Food Retail Sales





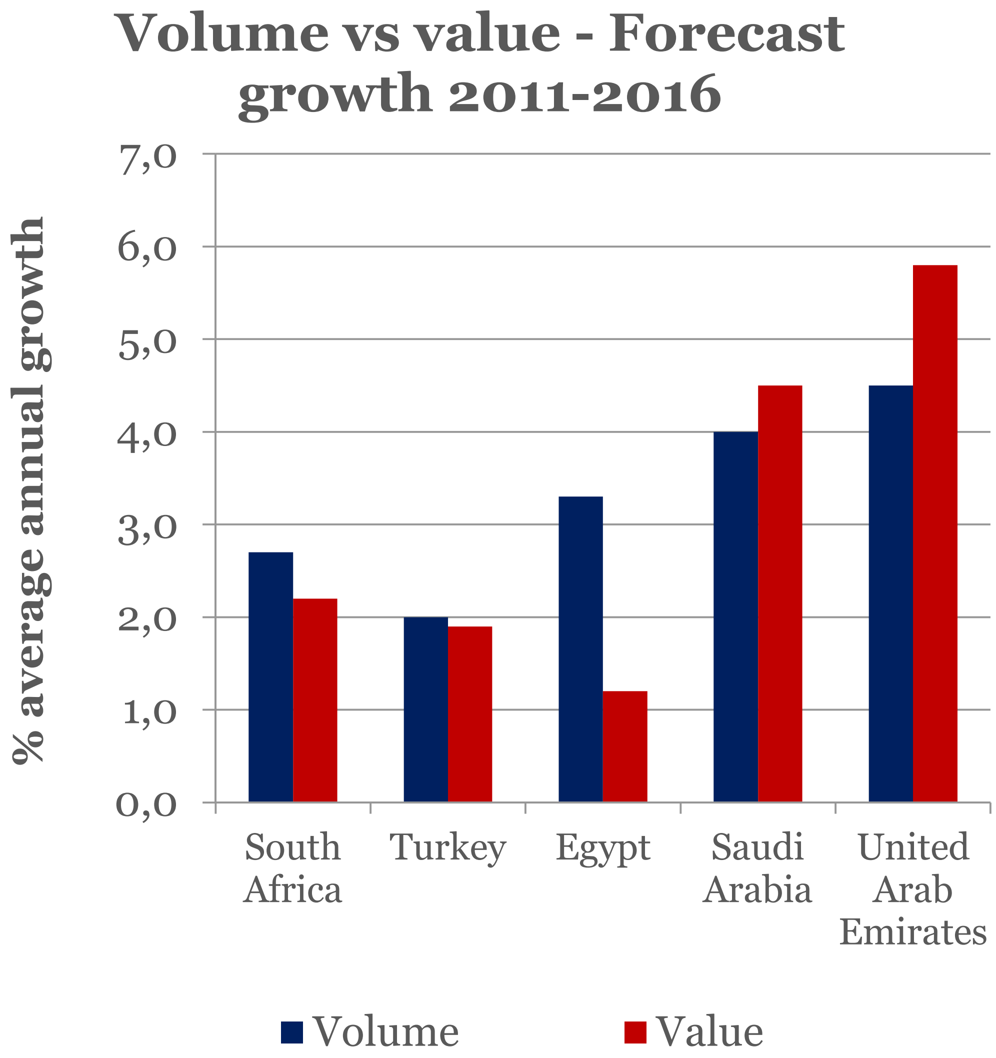
- More consumers moving from countryside to cities
- Consumers buying their food rather than growing/producing their own
- Urbanisation can boost consumer wages and spending power

Regional Retailing Outlook: Continued Consolidation On The Cards



- Total sales of grocery retailers are expected to reach nearly US$500 billion by 2016 in the region
- Retailer consolidation impacts:
  - Product availability and selection
  - Competitive landscape
  - Retail prices
- Where people shop is just as important to packaged food outlook as what they are buying

Euromonitor's Latest Packaged Food Retail Sales Forecasts



- Continued retail value and volume growth expected in the region

Rising demand; commodity prices

Retailer consolidation, economic uncertainty

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THANK YOU FOR LISTENING

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