Key take-aways

GDP growth - after stable 2016 (~1.9%) started quicken from the beginning of 2017 (2.6% in Q3’17)

INFLATION – bounced back to the healthy level* in 2017 (~1.7%)

UNEMPLOYMENT – continues declining and reaching 7.4% in October 2017

Good economic situation is reflected in higher consumer buying optimism (CCI +4)

Economic and consumer situation influenced FMCG dynamics (2.8% in Q3’17)

*The Federal Open Market Committee (FOMC) judges that inflation at the rate of 2 percent is most consistent over the longer run with the Federal Reserve’s mandate for price stability and maximum employment. The healthies inflation rate in Europe has Belgium: 2.1%.
ALL OF THE EUROPEAN MARKETS SHOW POSITIVE ECONOMIC PERFORMANCE

GDP annual growth rate

Source: Tradingeconomics.com | Latest available period on 11/12/2017
ONLY SOUTHERN EUROPE SUFFERS FROM HIGH UNEMPLOYMENT

Unemployment rate

Source: Tradingeconomics.com | Latest available period on 11/12/2017
HOW IS FMCG DEVELOPING IN EU TOP 7?

* DE, FR, UK, IT, SP, PT, CH
EUROPE – FMCG TREND VS YEAR BEFORE

FMCG in WE grows by 2.8% - it’s mostly driven by higher spending per trip

-1.8%  
Volume

+2.8%  
Value

-0.8%  
Trip per HH

+2.90%  
Spending per Trip

-0.1%  
Trips

+0.7%  
# HH

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH

7 % growth vs 3 YA (MAT Mar 18 vs MAT Mar 15)
VALUE

Grocery Growth is bigger in southern Countries SP, PT, IT

516.165 mio €
Value EU 2018

Value Growth Rate EU % 2018 vs 2017

Value Growth Rate EU % 2018 vs 2015

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017 and MAT Mar 2015 Includes: DE, FR, UK, IT, SP, PT, CH
HIGHEST SPENDINGS PER TRIP IN FRANCE & SWITZERLAND – BRITS DO THE MOST TRIPS

Germans are decreasing number of trips significantly

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH
FMCG GROWTH IS DRIVEN BY SPENDINGS/TRIP

Biggest growth in Germany – in contrast Trips/HH decrease there

Value
Growth Rate %

Decomposition of Growth %

Population Growth %

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth Rate %</th>
<th>Decomposition</th>
<th>Population Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
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<td>2.9</td>
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<tr>
<td>SP</td>
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<td>1.7</td>
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<td>PT</td>
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<td>IT</td>
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<tr>
<td>UK</td>
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<td>CH</td>
<td>1.2</td>
<td>-2.40.0</td>
<td>1.8</td>
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</tbody>
</table>

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH
E-COMMERCE SHOWS BIGGEST GROWTH RATE vs YA

It’s the only channel still growing by penetration & number of trips

Value
Growth Rate %

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth Rate</th>
</tr>
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<tbody>
<tr>
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<tr>
<td>HM &amp; SM</td>
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<tr>
<td>DISCOUNTERS</td>
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<tr>
<td>DRUG MARKETS</td>
<td>2.4</td>
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<tr>
<td>E-COMMERCE</td>
<td>6.8</td>
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</table>

Decomposition of Growth %

<table>
<thead>
<tr>
<th>Category</th>
<th>Penetration</th>
<th>Trip per HH</th>
<th>Spending per Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>-0.8</td>
<td>0.0</td>
<td>2.9</td>
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<tr>
<td>HM &amp; SM</td>
<td>-0.1</td>
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<td>1.8</td>
</tr>
<tr>
<td>DISCOUNTERS</td>
<td>-1.7</td>
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<td>5.2</td>
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<td>DRUG MARKETS</td>
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<tr>
<td>E-COMMERCE</td>
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Population Growth %

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth Rate</th>
</tr>
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<tbody>
<tr>
<td>TOTAL</td>
<td>+0.7</td>
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</table>

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH
E-COMMERCE: 27 % GROWTHS in 4 YEARS

It's mainly driven by increase of base: Trips & Buyers

Value Growth Rate %

<table>
<thead>
<tr>
<th>Category</th>
<th>Value Growth Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>6.7</td>
</tr>
<tr>
<td>HM &amp; SM</td>
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<tr>
<td>DISCOUNTERS</td>
<td>12.7</td>
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<tr>
<td>DRUG MARKETS</td>
<td>10.6</td>
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<tr>
<td>E-COMMERCE</td>
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</table>

Decomposition of Growth %

<table>
<thead>
<tr>
<th>Category</th>
<th>Penetration</th>
<th>Spending per Trip</th>
<th>Trip per HH</th>
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<tr>
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<tr>
<td>DRUG MARKETS</td>
<td>-1.22</td>
<td>7.3</td>
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<tr>
<td>E-COMMERCE</td>
<td>-1.3</td>
<td>14.2</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2015; Includes: DE, FR, UK, IT, SP, PT, CH

Population Growth %

-2.0
AFFLUENCY E-COMMERCE

Big growths in Low Affluency groups due to spendings

<table>
<thead>
<tr>
<th>Channel Value Share %</th>
<th>Value Growth Rate %</th>
<th>Decomposition of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL POPULATION</td>
<td>3.0</td>
<td>6.8</td>
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<tr>
<td></td>
<td></td>
<td>2.8 2.2 0.9</td>
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<tr>
<td>LOW AFFLUENCY</td>
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<tr>
<td></td>
<td></td>
<td>3.4 0.2 5.8</td>
</tr>
<tr>
<td>BELOW AVERAGE AFFLUENCY</td>
<td>3.2</td>
<td>6.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.5 1.2 0.8</td>
</tr>
<tr>
<td>ABOVE AVERAGE AFFLUENCY</td>
<td>3.1</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>4.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.0 0.7 1.4</td>
</tr>
</tbody>
</table>

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH
# LIFESTAGES E-COMMERCE

Extending the base: Big growths in older lifestages due to increased penetration & trips

## Channel Value Share %

<table>
<thead>
<tr>
<th>Lifestage</th>
<th>Value Growth Rate %</th>
<th>Decomposition of Growth %</th>
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</thead>
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<tr>
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<td>NEW FAMILIES</td>
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<tr>
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<td>3.2</td>
</tr>
<tr>
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<td>4.5</td>
</tr>
<tr>
<td>POST FAMILIES</td>
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<tr>
<td>OLDER - COUPLE</td>
<td>1.5</td>
<td>16.6</td>
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<td>OLDER - SINGLE</td>
<td>1.7</td>
<td>31.5</td>
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</tbody>
</table>

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH
**E-COMMERCE GROWS MOST IN LOW AFFLUENCY GROUPS**

HM&SM are losing most there

### Points of Growth (above - below average in comparison to EU)

<table>
<thead>
<tr>
<th>TOTAL POPULATION</th>
<th>LOW AFFLUENCY</th>
<th>BELOW AVERAGE AFFLUENCY</th>
<th>ABOVE AVERAGE AFFLUENCY</th>
<th>HIGH AFFLUENCY</th>
</tr>
</thead>
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<td></td>
<td>HM &amp; SM</td>
<td>DISCUENTERS</td>
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<td>E-COMMERCE</td>
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<tr>
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<td>4.0</td>
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</tr>
<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>100.0</td>
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<td>24.1</td>
<td>18.1</td>
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<td>56.5</td>
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<td>13.8</td>
<td>20.5</td>
</tr>
</tbody>
</table>

**Penetration %**

**Trips per HH**

**Spending per Trip**

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH
HM&SM ARE ESPECIALLY LOSING WITH FAMILIES

They go to discounters

Points of Growth (above - below average in comparison to EU)

Penetration %

Trips per HH

Spending per Trip

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH
AFFLUENCY E-COMMERCE BY COUNTRIES

Grocery grows most in High Affluency households – in all countries

Value Growth Rate %

TOTAL POPULATION
LOW AFFLUENCY
BELOW AVERAGE AFFLUENCY
ABOVE AVERAGE AFFLUENCY
HIGH AFFLUENCY

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT; E-COMMERCE CHANNEL
LIFESTAGES E-COMMERCE BY COUNTRIES

Value Growth Rate %

<table>
<thead>
<tr>
<th>TOTAL POPULATION</th>
<th>PRE FAMILIES</th>
<th>NEW FAMILIES</th>
<th>MATURING FAMILIES</th>
<th>ESTABLISHED FAMILIES</th>
<th>POST FAMILIES</th>
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<td>SP</td>
<td>IT</td>
<td>FR</td>
<td>UK</td>
<td>DE</td>
<td>EU</td>
<td>SP</td>
</tr>
<tr>
<td>6.8</td>
<td>35.2</td>
<td>31.2</td>
<td>8.1</td>
<td>8.4</td>
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<td>92.0</td>
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<td>9.6</td>
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Penetration %

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<th>Penetration %</th>
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<th>SP</th>
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<th>FR</th>
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Trips per HH

<table>
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<th>UK</th>
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<tr>
<td>67.64</td>
<td>67.58884</td>
<td>71.4732</td>
<td>77.60</td>
<td>62.6827</td>
<td>256.89</td>
<td>78.90</td>
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<td>99.67</td>
<td>42.09</td>
<td>40.29</td>
<td>41.73</td>
<td>45.76</td>
<td>58.14</td>
<td>79.29</td>
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Spending per Trip

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<th>SP</th>
<th>IT</th>
<th>FR</th>
<th>UK</th>
<th>DE</th>
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<td>58.14</td>
<td>79.29</td>
</tr>
</tbody>
</table>

Source: Nielsen Homescan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH; E-COMMERCE CHANNEL
E-COMMERCE: PRICE PER UNIT

In FR & UK, e-commerce prices are on total market level – in all other countries, they are higher

Source: Nielsen HomeScan Panel; Period: MAT Mar 2018 vs MAT Mar 2017; Includes: DE, FR, UK, IT, SP, PT, CH; E-COMMERCE CHANNEL AND TOTAL COUNTRIES
STILL STORES AROUND EVERY CORNER in GERMANY

Store density in Europe (Store per 1 Mio inhabitants)

Source: Nielsen Retail Panel | Base: Grocery+Drug 2015
NUMBER OF ONLINE SHOPPERS DOUBLED IN FRANCE – REACH IN GERMANY ONLY FLAT in LAST 3 YEARS

Growth of Online FMCG Shopper 2016 vs. 2013

Ex: Number of Drive-Ins/Pick-Ups in France

Source: Nielsen Household Panel, Germany, 2016
REALISTIC SCENARIOS in ORDER TO ADAPT?

>> >> Reduction of store density

Closure of 2/3 of all Brick & Mortar stores > 400sqm

6.4%

0.8%

>> Roll-out of Drive-Through/Pick-Ups

Building more than 3,000 Click & Collect stations

6.4%

0.8%

Current value share among Total FMCG

Source: Nielsen Household Panel, MAT Juni 2017
E-Commerce Category Deep Dive
Further category details are available for a little investment of 5,000 € and...

**MACRO CATEGORIES**
- ALCOHOLIC BEVERAGES
- CONFECTIONARY & SNACKS
- FOOD - AMBIENT
- FOOD - FROZEN
- FOOD - PERISHABLE
- NON ALCOHOLIC BEVERAGES
- HEALTH & BEAUTY AIDS
- HEALTH CARE
- HOME CARE
- PAPER PRODUCTS
- PET FOOD

**Home Care SUB-CATEGORIES**
- ABRASIVE CL PADS
- ADW DETERGENT
- ADW RINSE
- ADW SALT
- AIR FRESHENERS
- ALU FOIL
- BATTERIES
- BLEACHES
- CLEANING CLOTHS
- DESCALERS
- DRAIN OPENERS
- DRY CLEANING
- FABRIC SOFTENER
- FILTERS HOT BEV
- FURNITURE POLISH
- HAND DISHWASH
- HH CLEANERS
- HOMECARE OTH.
- INSECTICIDES
- LAUNDRY DETERGENTS
- LAUNDRY STAIN REMOVER
- LAUNDRY STARCH
- LAUNDRY WATER SOFT
- SHOE CARE
- STAIN REMOVERS
- TOILET CLEANERS

**Paper Care SUB-CATEGORIES**
- ADULT INCONTINENCE
- BABY DIAPERS
- FACIAL TISSUE
- HH PAPER /PLASTIC
- KITCHEN TOWELS
- PAPER NAPKINS
- SANIT PROTECTION `(Fem Care)
- TOILET PAPER

Based on Nielsen Strategic Planner Category Definitions
... provides you with relevant KPIs for each category.

**MEASURES**
- Value sales and share of Trade %
- Unit sales and share of Trade %
- Penetration
- Trips per HH
- Spend per Trip
- Avg Price per unit
- Demographics (where penetration >3%pts)

**MARKETS**
- UK, FR, DE, IT, ES, PT
- Total Western Europe (aggregate of above countries)

**TIME PERIODS**
- FY16/17
- FY15/16

Based on Nielsen Strategic Planner Category Definitions
CPS FOR E-COMMERCE INSIGHTS
THE COMPLETE PICTURE COMBINING CONSUMER & RETAIL DATA

The Complete Picture:

- Combining retail measurement and Consumer Panel data enables you to diagnose **ALL drivers of growth**

- Measuring what has happened and why it has happened by combining key changes in **purchasing behaviour** with actual sales results.

* Measure the Performance
* Volumes
* Penetration
* Socio Demographics
* Attitudes
* Frequency
* Repurchase depth

* Identify the Consumers
  * Distribution
  * Innovation
  * On shelf visibility
  * Price changes
  * Distribution & promotion presence
  * Price reduction, Bogof, 3 for 2...

* Develop their consumption
  * Range depth
  * Non instant promotion
  * Games, competitions
  * Leaflets / Gondola

* Upsizing
  * Virtual offers
  * Bonus packs

* Distribution &
  * Innovation
  * On shelf visibility
  * Price changes

THE COMPLETE PICTURE COMBINING CONSUMER & RETAIL DATA

* Consumer Panel
  * Store Panel
SCANTRACK CONSUMER SHOPPER DIAGNOSTICS IN ONE CLICK, IN OUR ONLINE TOOL

What is causing the sales evolution?

SUPER+IPER+LIB. SER/VIZ+DISCOUNT MODERN DISTRIBUTION BY TYPE • BEER/BIRRA PERONI PERONI • Value (in Mio EUR) • 52 Weeks • Week Ending 27/12/15

- Penetration: 114.6
- Frequency: >2>3
- Basket: 7.9
- Price Effect: 3.8
- Latest 52 weeks: 123.1

Country: Italy  Category: IS0071N1  BEVANDE +...  - CP6
Compared with Year Ago week ending 28/12/14
GLOBAL ECOMMERCE AVAILABILITY

Measurement approach tailored to market conditions and coverage varies on basis of cooperation of players (Pure Play vs. Bricks & Clicks)

Online % contribution of total CPG based on Nielsen estimates
EUROPEAN E-COMMERCE AVAILABILITY
RETAIL PANEL BASED (SCAN-TRACK / MARKET-TRACK / RETAIL-INDEX/ PROFITERO)

Available today

Amazon, Ocado
Total Online MBD AH.NL
Total Drive Amazon, Drive e-promo
Amazon, Online sales of B&Q & pure play
Amazon
Tesco
RU e-com data For Baby Care
Hepsiburada

Amazon data for UK +FR +DE + ES + IT

Isreal – E-com channel
EUROPEAN E-COMMERCE AVAILABILITY
CONSUMER PANEL BASED

Available today
The study talks about…

How is Switzerland positioned compared to other markets?
How is the Swiss online market evolving?
Which categories are being purchased the most?

What is the consumer’s online shopping behavior?
What are the key reasons/barriers for going online?
How do retailers position themselves?

We show you how Nielsen can support your e-commerce path going forward. For further information please contact your Nielsen team.