# Consumer Index

## Central and Eastern Europe

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Welcome to the Q3 2010 edition of Consumer Index. We hope you find it interesting. Please do not hesitate to contact us if you have any questions or comments.

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# Consumer Index

# Central and Eastern Europe

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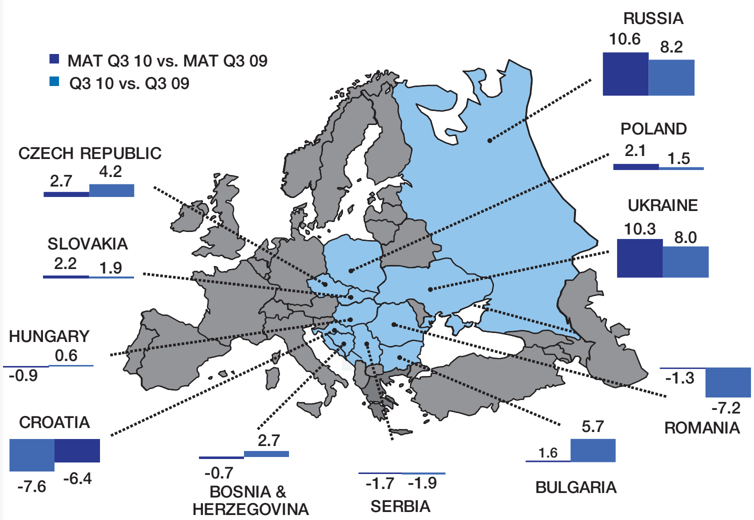
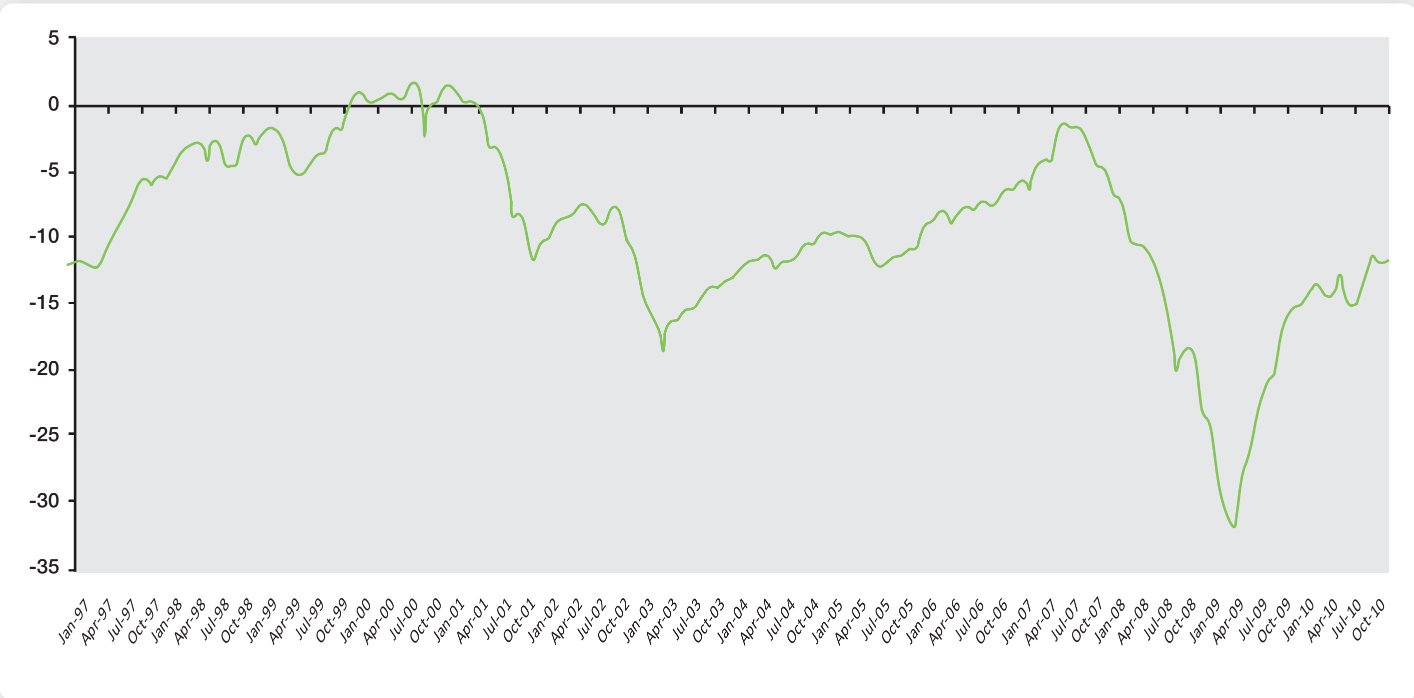
## Total FMCG Trends

% value changes




## Consumer Confidence




EU (27 countries)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## Overview of Trends

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•The Soft Drinks category showed a mixed performance across the region. While the category performed well and helped spur the market in Russia and Poland, this was not the case in other countries. Bosnia experienced a positive quarter this time around, the only negative trend being in Soft Drinks. Soft Drinks also experienced a negative performance in Croatia, Czech Republic, Hungary, Romania and Slovakia.

•Chilled foods have seen significant growth in a number of Eastern European markets in the last quarter including Croatia, Poland, Russia and Slovakia. In Serbia however, a national milk shortage has driven the decline in the Chilled category due to a reduced availability of dairy products. This shortage looks likely to continue over the next quarter.

•During the recent financial crisis, the Personal Care category has underperformed in most markets across Eastern Europe compared with total FMCG, even showing decline in Hungary, Russia, Serbia, Slovakia and Romania.

•Alcoholic beverages have seen varying performance throughout the region, experiencing significant growth in Slovakia, whilst declining in Croatia. Beer experienced notable decline in Romania (-11%).

**Richard Herbert**
Europanel Global Business Development and Insight Director

**FMCG Consumer Dashboard**
**% Value Change Q3 2010 vs Q3 2009**

| | Bosnia & Herzegovina | Bulgaria | Croatia | Czech Republic | Hungary | Poland | Romania | Russia | Serbia | Slovakia | Ukraine |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fresh Food** | - | - | - | 🟢 | - | - | - | 🟢 | - | - | 🟢 |
| **Chilled Food** | 🟢 | 🟢 | 🔴 | 🟢 | 🟢 | 🟢 | 🔴 | 🟢 | 🔴 | 🟢 | 🟢 |
| **Packaged Grocery** | ⚫ | 🟢 | 🔴 | 🟢 | 🔴 | 🟢 | 🔴 | 🟢 | 🔴 | 🟢 | 🟢 |
| **Frozen Food** | - | - | - | 🟢 | - | - | - | 🟢 | - | 🔴 | 🔴 |
| **Alcohol** | 🟢 | 🟢 | 🔴 | 🟢 | - | - | 🔴 | 🟢 | ⚫ | 🟢 | 🔴 |
| **Soft Drinks** | 🔴 | 🟢 | 🔴 | 🔴 | 🔴 | 🟢 | 🔴 | 🟢 | 🟢 | 🔴 | 🟢 |
| **Personal Care** | 🟢 | 🟢 | 🔴 | 🔴 | - | 🔴 | 🔴 | 🔴 | 🔴 | 🔴 | 🔴 |
| **Home Care** | 🟢 | 🟢 | 🔴 | 🟢 | - | 🔴 | 🔴 | 🟢 | 🔴 | ⚫ | 🟢 |
| **Pet Food** | - | - | 🟢 | 🟢 | 🟢 | - | - | - | 🟢 | 🔴 | - |

🟢 Increase of more than 0.5%

🔴 Decrease of more than 0.5%

⚫ Increase/decrease of 0.5% or less

- Category not covered

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# Bosnia Q3 2010

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| Q3 2010 Key Indicators Year on Year % Change | |
|---|---|
| GDP (*Value*) | NA |
| Rate of Food Inflation (*Value*) | NA |
| Rate of Unemployment | NA |
| Frequency of FMCG Purchase | -6.5% |
| Average FMCG Basket Size (*Value*) | +9.9% |

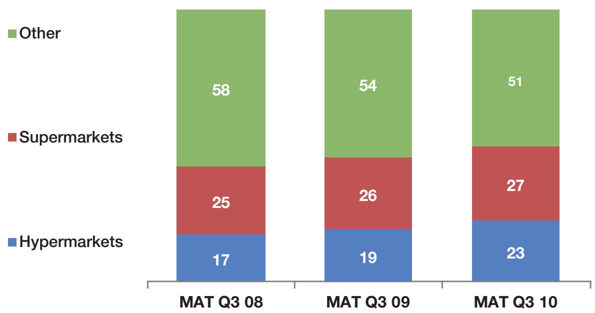
## Bosnia - FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -5.0 | -1.7 | 1.6 | 2.7 |
| Chilled Foods | -1.4 | 3.4 | 3.8 | 8.9 |
| Packaged | -7.8 | -3.3 | -1.8 | 0.1 |
| Alcohol | -4.7 | -1.8 | -3.1 | 5.3 |
| Soft Drinks | -6.2 | -9.3 | -1.6 | -2.3 |
| Personal Care | 1.3 | 11.8 | 5.7 | 8.3 |
| Home Care | -1.5 | -2.7 | 16.3 | 5.9 |

## Bosnia – Trade Channels

*FMCG Value Share %*




•Hypermarkets continue to experience growth in each period, whilst Supermarkets continue this positive trend. Both growing however at the expense of other smaller channels.

•Bosnian households are buying less frequently than previous periods but are spending more each visit.

•It seems that Bosnian households became more fond of large outlet types and private labels in Q3. An interesting observation compared to Croatian HH's who were impacted by the economic downturn more than Bosnia.

## Bosnia - Trade Channel Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -5.0 | -1.7 | 1.6 | 2.7 |
| Hypermarkets | 3.5 | 17.9 | 26.6 | 20.0 |
| Supermarkets | -3.5 | -2.2 | 3.0 | 8.6 |
| Other | -8.6 | -8.5 | -7.6 | -6.6 |

***Please note:***

*- Category, channel data and Average Basket size data are based on local currency*

*- GDP and inflation rates are based on Euro currency*

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# Consumer Index
# Bulgaria Q3 2010

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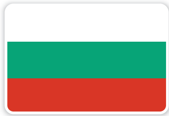


| Q3 2010 Key Indicators Year on Year % Change | |
|---|---|
| GDP (*Value*) | +3.0% |
| Rate of Food Inflation (*Value*) | -2.8% |
| Rate of Unemployment | +10.0% |
| Frequency of FMCG Purchase | +1.9% |
| Average FMCG Basket Size (*Value*) | +2.9% |

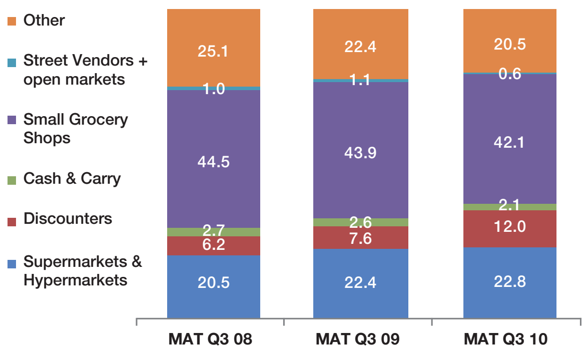
## Bulgaria – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -1.1 | -0.6 | 2.6 | 5.7 |
| Chilled Foods | 1.6 | 1.0 | 3.0 | 6.3 |
| Packaged Grocery | -3.3 | -0.3 | 3.6 | 5.6 |
| Alcohol | 4.9 | 9.4 | 12.3 | 9.2 |
| Soft Drinks | -3.5 | -7.0 | -2.8 | 4.5 |
| Personal Care | -2.3 | -2.2 | -0.8 | 6.5 |
| Home Care | 6.2 | -1.2 | -3.3 | 1.3 |

## Bulgaria – Trade Channels

*FMCG Value Share %*




•Q3 confirms Bulgarian households have a strong attraction to the discounters. 61.2% of them have shopped in a discounter this latest yearly period.

•Consumers are shopping in this channel more frequently also (twice a month). For each shopping trip, consumers spent more when visiting discounters than in other channels such as super and hypermarkets. This amounts to 8.7 billion in Discounters vs. 6 billion in super and hypermarkets.

•At the same time, Bulgarian households continue to shop in smaller traditional grocery shops but they do this less frequently.

## Bulgaria – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -1.1 | -0.6 | 2.6 | 5.7 |
| Supermarkets & Hypermarkets | 10.7 | 6.2 | -1.3 | -1.9 |
| Discounters | 37.4 | 64.4 | 72.6 | 64.3 |
| Cash & Carry | -23.8 | -16.1 | -18.2 | -9.3 |
| Small Grocery Shops | -6.0 | -5.4 | -3.2 | 4.4 |
| Street Vendors + open markets | -70.6 | 33.4 | -74.1 | -69.6 |
| Other | -8.6 | -17.9 | -0.1 | -1.2 |

***Please note:***
*- Category, channel data and Average Basket size data are based on local currency*
*- GDP and inflation rates are based on Euro currency*

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# Croatia Q3 2010

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| Q3 2010 Key Indicators<br>Year on Year % Change | |
|---|---|
| GDP (*Value*) | NA |
| Rate of Food Inflation (*Value*) | -23.1% |
| Rate of Unemployment | +15.0% |
| Frequency of FMCG Purchase | +0.6% |
| Average FMCG Basket Size (*Value*) | -6.9% |

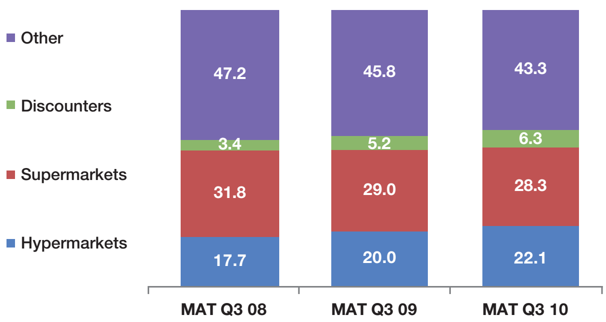
## Croatia – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -7.1 | -10.4 | -6.7 | -6.4 |
| Chilled Foods | -10.4 | -14.6 | -8.0 | -4.1 |
| Packaged Grocery | -10.8 | -8.4 | -5.0 | -6.3 |
| Alcohol | -5.7 | -14.6 | -20.1 | -16.8 |
| Soft Drinks | -6.4 | -7.4 | -11.0 | -8.5 |
| Personal Care | -0.5 | -7.5 | -6.7 | -5.6 |
| Home Care | -1.2 | -3.8 | 0.6 | -2.1 |
| Pet food | 40.0 | -4.2 | 22.5 | 6.5 |

## Croatia – Trade Channels

*FMCG Value Share %*




•As we can see Discounters are growing at a considerable rate in Croatia and this has continued into Q3 2010. The Growth of private labels verifies that Croatian households continue to be price oriented and we can expect this trend to continue for the foreseeable future.

•A Bad political and economic situation in Croatia continues in Q3 2010 and this is having a detrimental effect on Croatian households spend on FMCG.

•Unemployment decreased due to an increase in tourism in Croatia in 2010 but this trend does not look as though it will continue into Q4 2010.

## Croatia – Trade Channels

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -7.1 | -10.4 | -6.7 | -6.4 |
| Hypermarkets | 12.6 | -5.1 | -1.9 | 3.0 |
| Supermarkets | -13.8 | -8.6 | -7.9 | -8.5 |
| Discounters | 3.5 | 17.5 | 14.2 | 16.4 |
| Other | -11.7 | -16.9 | -10.5 | -11.8 |

***Please note:***
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*- GDP and inflation rates are based on Euro currency*

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# Consumer Index
# Czech Republic Q3 2010

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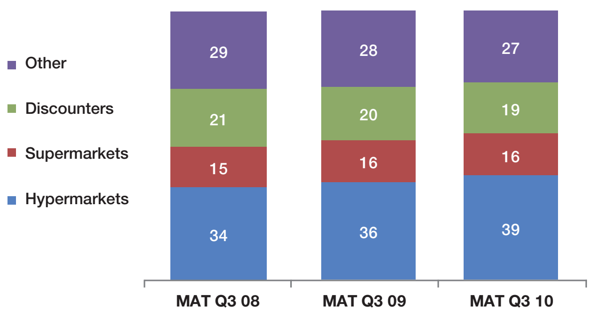
| Q3 2010 Key Indicators<br>Year on Year % Change | |
|---|---|
| GDP (*Value*) | +3.0% |
| Rate of Food Inflation (*Value*) | -0.1% |
| Rate of Unemployment | +7.5% |
| Frequency of FMCG Purchase | -1.6% |
| Average FMCG Basket Size (*Value*) | +3.4% |

## Czech Republic – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 0.3 | 4.2 | 2.4 | 4.2 |
| Fresh Foods | 9.4 | 14.5 | 25.3 | 18 |
| Chilled Foods | -1.3 | 5.1 | 3.6 | 6.4 |
| Packaged Grocery | -0.1 | 1.6 | 0.5 | 4.8 |
| Frozen Foods | 24.6 | -3.1 | 26.2 | 29.4 |
| Alcohol | 4.8 | 12.3 | -0.4 | 6.6 |
| Soft Drinks | 0.3 | 6.1 | -1.4 | -1.7 |
| Personal Care | -3.2 | -7.2 | 0.4 | -5.7 |
| Home Care | 3.1 | 3.1 | 7.5 | 0.5 |
| Pet Foods | -7.4 | 27.1 | 26.3 | 30.0 |

## Czech Republic – Trade Channels




•Hypermarkets hold the greatest market share in the Czech Republic having increased their share year-on-year. Supermarkets remained stable with very small change in market share.

•Discounters have experienced a decline in market share this quarter due to the poor performance of soft discounters – hard discounters remained relatively stable throughout Q3 (18% market share).

•Tesco has performed notably well this quarter, driven by their hypermarkets. The newly opened Tesco Express stores have performed remarkably well throughout the year – continuing into Q3.

•Globus has also performed very well this quarter increasing its share to almost 6%.

•Kaufland, the Czech Republic's most important retailer, has increased their share by over 1p.p. of FMCG spending.

•Lidl, Interspar, Penny Market and the Ahold group have all increased their shares whilst Makro's performance this quarter has dwindled.

## Czech Republic – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 0.3 | 4.2 | 2.4 | 4.2 |
| Hypermarkets | 2.5 | 9.7 | 11.6 | 13.7 |
| Supermarkets | 12.0 | 3.1 | -6.8 | 0.5 |
| Discounters | -7.5 | 1.4 | -0.3 | 2.4 |
| Other | -2.1 | -1.7 | -3.7 | -4.5 |

***Please note:***
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# Consumer Index
# Hungary Q3 2010

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| Q3 2010 Key Indicators<br>Year on Year % Change | |
|---|---|
| GDP (*Value*) | +1.6% |
| Rate of Food Inflation (*Value*) | -20.0% |
| Rate of Unemployment | +3.9% |
| Frequency of FMCG Purchase | -23.6% |
| Average FMCG Basket Size (*Value*) | +26.1% |

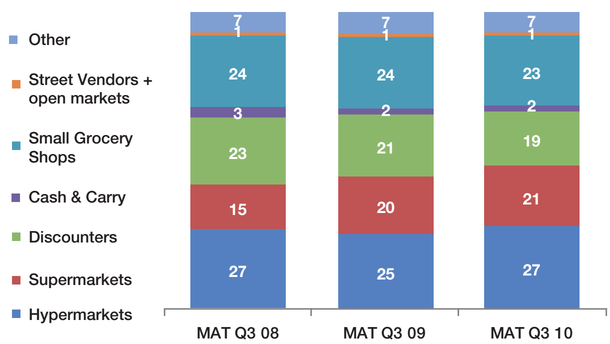
## Hungary – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -2.3 | 1.1 | -2.9 | 0.6 |
| Chilled Foods | -4.3 | 4.4 | -2.5 | 3.7 |
| Personal Care | -0.1 | -4.6 | -11.0 | -8.5 |
| Home Care | -9.4 | -4.6 | -4.6 | -1.8 |
| Pet Foods | 9.7 | 24.0 | 16.8 | 15.5 |

## Hungary – Trade Channels

*FMCG Value Share %*




## Hungary – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -2.3 | 1.1 | -2.9 | 0.6 |
| Hypermarkets | 0.2 | 9.7 | 8.3 | 19.4 |
| Supermarkets | 27.3 | 0.6 | -1.8 | -11.0 |
| Discounters | -20.7 | -11.6 | -10.6 | 4.2 |
| Cash & Carry | -29.2 | -24.9 | -23.2 | -1.9 |
| Small Grocery Shops | -5.7 | 5.8 | -5.8 | -6.0 |
| Street Vendors + open markets | 10.4 | 32.0 | -3.7 | -3.8 |
| Other | -4.3 | -2.8 | -6.0 | -10.9 |

- Despite being the strongest performing Trade Channel throughout 2009, the performance of Supermarkets has not continued into 2010. This turnaround has been a result of two occurrences in Hungary: firstly, Spar rebranded the former Plus chain which had fuelled the Channel growth in 2009, and secondly, a change in shopper behaviour as a result of the economic crisis.

- Consumers have become more aware of promotions and deals, benefitting Hypermarkets and Discounters.

- Although Consumer Confidence in Hungary has risen to meet its pre-crisis level, the "propensity to buy" element of this calculation remains relatively low. This indicates that although shoppers have optimistic expectations about the economic future of the country, they are still being less frivolous when spending.

***Please note:***
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*- GDP and inflation rates are based on Euro currency*

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# Poland Q3 2010

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| Q3 2010 Key Indicators Year on Year % Change | |
|---|---|
| GDP (*Value*) | +4.2% |
| Rate of Food Inflation (*Value*) | +1.0% |
| Rate of Unemployment | -11.5% |
| Frequency of FMCG Purchase | -1.1% |
| Average FMCG Basket Size (*Value*) | +2.6% |

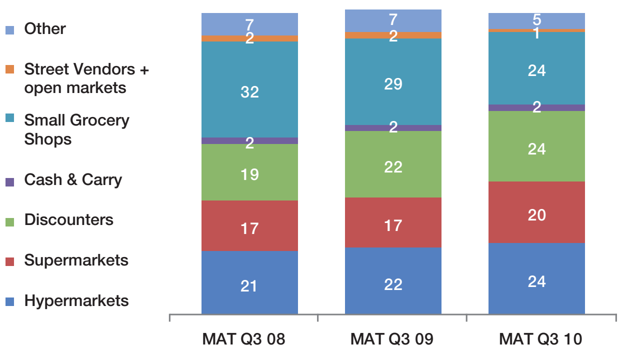
## Poland – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 0.9 | 10.9 | 0.1 | 1.5 |
| Chilled Foods | 3.3 | 11.3 | 1.5 | 2.0 |
| Packaged Grocery | -0.5 | 12.9 | 1.2 | 2.2 |
| Soft Drinks | -0.7 | 10.4 | -1.2 | 4.0 |
| Personal Care | 6.1 | 4.2 | -4.2 | -3.1 |
| Home Care | -1.4 | 5.4 | -4.0 | -4.0 |

## Poland – Trade Channels

*FMCG Value Share %*




•Discounters have shown growth throughout the year and at the end of Q2 are now close to overtaking supermarkets as Poland's top FMCG trade channel.

•Modern trade channels (Hypermarkets, Supermarkets and Discounters) have experienced growth at the expense of smaller food stores.

•This growth within modern trade channels has been spurred on by a number of factors including the opening of new discounter outlets and the rebranding of some existing supermarket stores. For example, Carrefour introduced Carrefour Market in Q2, replacing Carrefour Express.

## Poland – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 0.9 | 10.9 | 0.1 | 1.5 |
| Hypermarkets | 7.9 | 21.3 | 5.4 | 8.0 |
| Supermarkets | 15.2 | 26.7 | 7.4 | 3.2 |
| Discounters | 11.6 | 18.2 | 15.0 | 18.7 |
| Cash & Carry | 3.4 | -6.5 | -6.4 | -7.2 |
| Small Grocery Shops | -15.2 | -4.2 | -13.5 | -12.3 |
| Street Vendors + open markets | -28.7 | -24.4 | -31.6 | -24.4 |
| Other | -15.1 | -13.2 | -23.9 | -20.0 |

***Please note:***

*- In 2010 GfK Poland introduced scanners to the households and also reconstructed the panel structure*
*- Category, channel data and Average Basket size data are based on local currency*
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# Consumer Index
# Romania Q3 2010

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## Q3 2010 Key Indicators Year on Year % Change

| | |
|---|---|
| GDP (*Value*) | -2.5% |
| Rate of Food Inflation (*Value*) | -0.3% |
| Rate of Unemployment | NA |
| Frequency of FMCG Purchase | -9.8% |
| Average FMCG Basket Size (*Value*) | +3.5% |

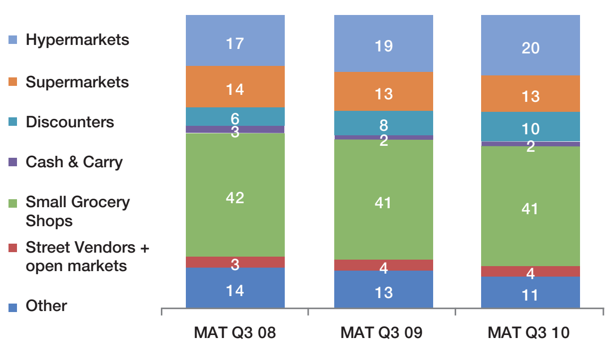
## Romania – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 10.2 | -1.8 | -5.8 | -7.2 |
| Chilled Foods | 14.1 | -3.9 | -6.6 | -6.0 |
| Packaged Grocery | 8.2 | -1.8 | -1.8 | -1.3 |
| Home Made | 18.3 | -8.4 | -10.6 | -14.7 |
| Bulk | -2.7 | -6.9 | -1.8 | 1.2 |
| Alcohol | 16.4 | 2.3 | -9.2 | -11.4 |
| Soft Drinks | 9.7 | -0.1 | -9.2 | -9.8 |
| Personal Care | 5.9 | -7.4 | -7.6 | -14.0 |
| Home Care | 7.8 | -0.8 | -3.6 | -6.6 |

## Romania – Trade Channels

*FMCG Value Share %*




## Romania – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 10.2 | -1.8 | -5.8 | -7.2 |
| Hypermarkets | 8.5 | 8.1 | -2.7 | -1.7 |
| Supermarkets | 4.4 | -7.9 | -9.3 | -6.9 |
| Discounters | 50.5 | 13.4 | 7.9 | -2.0 |
| Cash & Carry | -28.3 | -32.2 | -18.0 | -16.0 |
| Small Grocery Shops | 13.5 | -2.6 | -6.6 | -7.7 |
| Street Vendors + open markets | 6.8 | -1.6 | -3.6 | -11.7 |
| Other | -4.1 | -11.8 | -13.0 | -15.1 |

•The Romanian FMCG market decreased by almost 6% in terms of value sales (local currency) in Q2 2010 compared with the same period in 2009. The categories which experienced the greatest rate of decline were mainly suffering from a loss of buyers.

•Modern trade continued to gain share, reaching almost 44% FMCG value share. The most dynamic format remains discounters with an increasing value share from 8.3% in Q2 2009 to 9.5 % in Q2 2010. Discounters grew mainly due to Penny Market. A positive trend had also hypermarkets covering 21% within total sales. Among them, Kaufland strengthened its position by ~9% in term of value. Supermarkets continued to lose value share within in home consumption.

•Private Label increased in value from 3.5% in Q2 2009 to 5.2% in Q2 2010. The evolution of Private Label was driven by chilled food, beer and personal care products.

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*- GDP and inflation rates are based on Euro currency*

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# Russia Q3 2010

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| Q3 2010 Key Indicators Year on Year % Change | |
|---|---|
| GDP (*Value*) | NA |
| Rate of Food Inflation (*Value*) | NA |
| Rate of Unemployment | -14.3% |
| Frequency of FMCG Purchase | -2.9% |
| Average FMCG Basket Size (*Value*) | +11.1% |

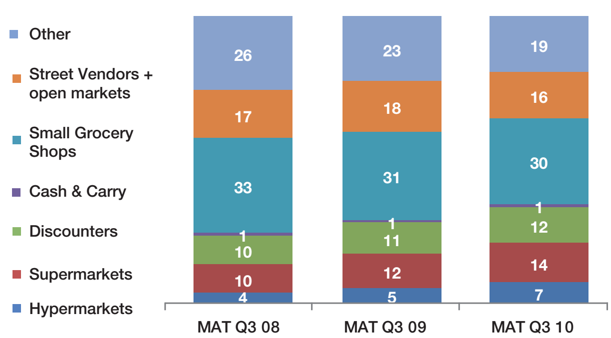
## Russia – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 17.2 | 10.8 | 7.1 | 8.2 |
| Fresh Foods | 12.6 | 11.6 | 9.5 | 11.6 |
| Chilled Foods | 20.7 | 23.8 | 13.7 | 12.6 |
| Packaged Grocery | 18.9 | 2.0 | 5.2 | 3.9 |
| Frozen Foods | 17.5 | 21.8 | 8.6 | 9.6 |
| Alcohol | 19.0 | 3.8 | -2.8 | 5.0 |
| Soft Drinks | 11.7 | -3.4 | -0.7 | 15.7 |
| Personal Care | 16.8 | 7.6 | -0.1 | -2.1 |
| Home Care | 18.9 | 7.4 | 5.1 | 3.1 |

## Russia – Trade Channels

*FMCG Value Share %*




•Modern Trade has continued to increase its presence in the Russian FMCG market. This growth has been driven by the expansion of the Hypermarket and Discounter Channels (+25.6% and +24.8% respectively).

•The performance of Hypermarkets has been driven by the positive performances of Auchan, Mosmart and Karusel.

•The positive performance of Discounters is mainly due to Kopeyka, Pyaterochka and Magnit Discounter.

•Traditional Trade continues to play an important role in the Russian FMCG market.

## Russia – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 17.2 | 10.8 | 7.1 | 8.2 |
| Hypermarkets | 81.4 | 67.3 | 38.5 | 25.6 |
| Supermarkets | 70.3 | 22.2 | 25.2 | 18.7 |
| Discounters | 29.3 | 29.3 | 15.9 | 24.8 |
| Cash & Carry | 103.8 | 78.7 | 48.4 | -2.4 |
| Small Grocery Shops | 6.7 | 11.8 | 2.8 | 4.7 |
| Street Vendors + open markets | 22.2 | -4.1 | -6.6 | -1.3 |
| Other | -11.2 | -9.4 | 0.2 | 1.9 |

***Please note:***
*- Category, channel data and Average Basket size data are based on local currency*
*- GDP and inflation rates are based on Euro currency*

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# Consumer Index
# Serbia Q3 2010

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| Q3 2010 Key Indicators Year on Year % Change | |
|---|---|
| GDP (*Value*) | NA |
| Rate of Food Inflation (*Value*) | +5.5% |
| Rate of Unemployment | +23.1% |
| Frequency of FMCG Purchase | -9.0% |
| Average FMCG Basket Size (*Value*) | +6.0% |

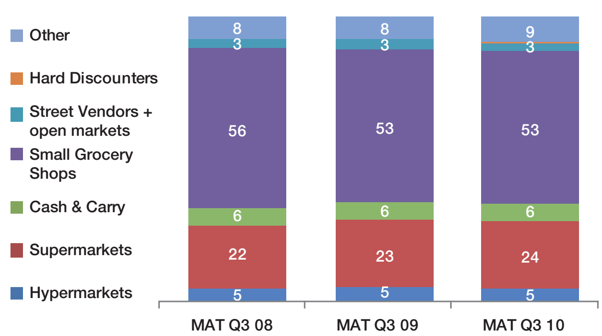
## Serbia – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -3.2 | 1.7 | -2.8 | -1.9 |
| Chilled Foods | -6.1 | 1.7 | -0.2 | -2.0 |
| Packaged Grocery | -3.9 | -1.6 | -5.4 | -2.5 |
| Alcohol | 4.7 | -0.4 | -5.7 | 0.1 |
| Soft Drinks | -8.0 | 1.1 | -4.8 | 2.8 |
| Personal Care | -0.1 | 4.3 | -3.0 | -9.3 |
| Home Care | 6.0 | 15.9 | 4.8 | -1.3 |
| Pet Foods | 33.7 | 7.5 | 34.6 | 28.1 |

## Serbia – Trade Channels

*FMCG Value Share %*




## Serbia – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | -3.2 | 1.7 | -2.8 | -1.9 |
| Hypermarkets | -15.4 | -12.5 | -6.9 | 3.3 |
| Supermarkets | -3.0 | -0.6 | -0.1 | -1.2 |
| Cash & Carry | 3.4 | -8.2 | -14.6 | -7.4 |
| Small Grocery Shops | -4.5 | 4.6 | -2.4 | -0.9 |
| Street Vendors + open markets | -6.6 | -6.0 | -6.4 | -14.9 |
| Other | 5.0 | 6.6 | -3.4 | -4.9 |

•The first half of August saw retailers adjusting prices of food "basics". These price increases continued on into September affecting almost all food products.

•Purchasing power fell further below pre-crisis levels whilst the average Serbian salary remained constant year-on-year, below the 2008 average.

•In general, the Serbian retail market saw small improvement in Q3 year-on-year. Some of the leading retailers including DIS, Idea and Interex managed to improve their position in the market marginally.

•Hypermarkets gained market share over Q3, driven by Idea and Hipercort, whilst the Cash & Carry channel suffered in 2010 compared to the same period in 2009 due to poor performances from Metro and Roda.

•Supermarkets also experienced decline in Q3 2010, influenced by value decreases for Maxi and Univerexport.

***Please note:***

*- Category, channel data and Average Basket size data are based on local currency*

*- GDP and inflation rates are based on Euro currency*

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# Consumer Index
# Slovakia Q3 2010

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| Q3 2010 Key Indicators Year on Year % Change | |
|---|---|
| GDP (*Value*) | +5.2% |
| Rate of Food Inflation (*Value*) | -0.1% |
| Rate of Unemployment | -0.8% |
| Frequency of FMCG Purchase | -2.6% |
| Average FMCG Basket Size (*Value*) | +5.1% |

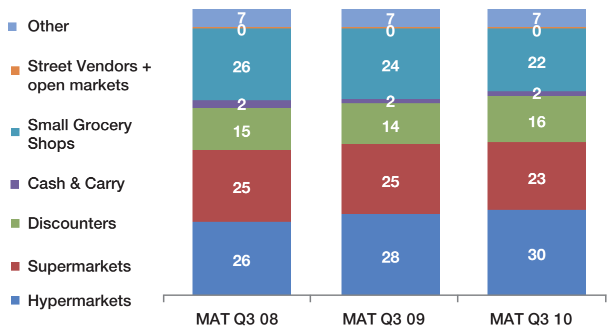
## Slovakia – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 2.8 | 2.9 | 0.9 | 1.9 |
| Chilled Foods | 0.7 | 1.1 | 5.9 | 8.0 |
| Packaged Grocery | 6.6 | 3.4 | -0.1 | 1.0 |
| Frozen Foods | 8.0 | 24.7 | 0.9 | -1.1 |
| Alcohol | 8.4 | 13.3 | 1.9 | 9.1 |
| Soft Drinks | -1.7 | 3.7 | -2.4 | -6.4 |
| Personal Care | 0.3 | -2.2 | -6.1 | -7.1 |
| Home Care | -8.5 | -2.0 | -2.9 | -0.2 |
| Pet Foods | 17.9 | 18.7 | -2.3 | -6.3 |

## Slovakia – Trade Channels

*FMCG Value Share %*




## Slovakia – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 2.8 | 2.9 | 0.9 | 1.9 |
| Hypermarkets | 14.5 | 11.7 | 8.6 | -0.2 |
| Supermarkets | -3.5 | -11.0 | 0.9 | -1.4 |
| Discounters | 17.1 | 39.1 | 18.3 | 9.4 |
| Cash & Carry | -21.6 | 0.9 | -10.5 | 2.2 |
| Small Grocery Shops | -7.0 | -8.5 | -11.1 | -6.3 |
| Street Vendors + open markets | 52.3 | -27.3 | 25.6 | -31.4 |
| Other | -7.8 | -2.1 | -19.2 | 37.2 |

•Hypermarkets retain the largest market share amongst the trade channels despite showing no significant growth in share over the year. Hypermarkets are closely followed by Supermarkets and Small Grocery stores.

•Despite remaining relatively small compared to Supermarkets, Hypermarkets and Small Grocery stores, discounters have shown the largest positive growth on last year's performance.

•The top 10 retailers in Slovakia account for over 80% of FMCG expenditure. The leaders amongst these are Coop Jednota, Tesco, Lidl and Kaufland.

•Tesco has performed particularly well in Slovakia throughout the year and Q3 2010. This has been driven by the introduction of a new store format to Slovakia – Tesco Extra. These new stores offer a completely new shopping experience for customers with a wider range of products as well as pharmacies, opticians, photo labs and phone shops within the one retail space.

***Please note:***
*All indicators are based on Euro currency.*

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# Consumer Index
# Ukraine Q3 2010

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| Q3 2010 Key Indicators Year on Year % Change | |
|---|---|
| GDP (*Value*) | NA |
| Rate of Food Inflation (*Value*) | NA |
| Rate of Unemployment | NA |
| Frequency of FMCG Purchase | -2.4% |
| Average FMCG Basket Size (*Value*) | +10.6% |

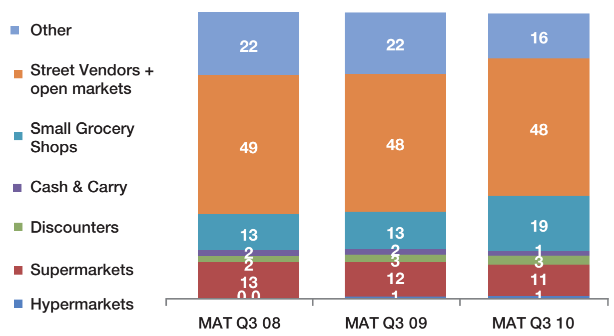
## Ukraine – FMCG Category Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 10.7 | 13.6 | 9.1 | 8.0 |
| Fresh Foods | 11.8 | 17.2 | 10.1 | 12.2 |
| Chilled Foods | 19.0 | 12.7 | 13.7 | 14.8 |
| Packaged Grocery | 6.5 | 13.3 | 9.3 | 5.2 |
| Frozen Foods | 3.1 | -9.4 | -8.3 | -3.5 |
| Alcohol | 16.8 | 6.5 | 7.4 | -3.5 |
| Soft Drinks | -5.2 | -3.2 | -2.5 | 9.0 |
| Personal Care | 25.5 | 16.6 | 6.3 | -2.6 |
| Home Care | 25.5 | 6.9 | 2.9 | 3.0 |

## Ukraine – Trade Channels

*FMCG Value Share %*




## Ukraine – Trade Channels Trends

*Year on Year % Change Value*

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|
| FMCG | 10.7 | 13.6 | 9.1 | 8.0 |
| Hypermarkets | 20.6 | 23.4 | 22.8 | 10.9 |
| Supermarkets | -3.6 | 16.2 | 8.0 | 10.3 |
| Discounters | 23.7 | 31.7 | 22.4 | 12.2 |
| Cash & Carry | -3.9 | -19.7 | -22.5 | -11.6 |
| Small Grocery Shops | 58.9 | 80.9 | 65.0 | 37.9 |
| Street Vendors + open markets | 11.9 | 13.1 | 9.2 | 7.9 |
| Other | -14.0 | -22.1 | -24.5 | -17.1 |

•FMCG consumption increased during the summer months compared to the first half of 2010. According to national statistics, deflation in the Food & Beverage markets was experienced during Q3 and inflation was +10.3% higher than 9 months previously. Deflation was caused by a seasonal decrease in Fish, Fruit and Vegetable prices as well as a decrease in the price of White Fat and Eggs.

•The growth of the Food categories both in terms of volume and value was driven by the trend of consumers returning to traditional products and home cooking. A drop in out of home consumption led to an increase in Roast & Ground Coffee and the warm summer was behind the growth of Kvas and Water consumption. At the same time, the biggest losers continued to be Bouillons & Instant soups, Boxed Pralines, Chips, Juices & Nectars and Canned Soft Drinks. Price increases led to a drop in consumption for Dairy products, most notably, Hard Cheese, Processed Cheese, Yoghurt and traditional Kefir.

•The channel that experienced the largest growth this quarter was Small Grocery shops. Among modern trade channels, Discounters and Hypermarkets continue to the show the most positive development, though share remains small. Fora and ATB are among the most successful discounters, whereas Auchan, Eco Market, Amstor, Target, Tavria and Obzhora are among the most successful Supermarket chains.

***Please note:***
*- Category, channel data and Average Basket size data are based on local currency*
*- GDP and inflation rates are based on Euro currency*

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# Consumer Index

## Definitions

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### CATEGORIES UNIVERSE:

**FMCG:** Fast Moving Consumer Goods (includes foods, personal care and home care; excludes clothes, white goods etc...)
Total FMCG is not necessarily the sum of the categories shown below it.

**Categories:**

- **Fresh Foods:** fresh fish, fresh meat, fresh poultry/game, fresh fruit, vegetables, salads
- **Chilled Foods:** chilled deli products, chilled dairy products, chilled bakery products
- **Packaged Grocery**: bread, biscuits, canned goods, hot beverages, packet breakfast, pickles, sauces, condiments, savoury carbohydrates and snacks, home cooking ingredients, take home confectionery and savouries
- **Soft Drinks:** carbonated soft drinks, chilled drinks and mineral water
- **Home Care:** softeners, detergents and rinse conditioners
- **Personal Care:** bathroom toiletries, hair care, healthcare, oral care, other toiletries

### TRADE CHANNEL DEFINITIONS:

| | Hypermarkets | Supermarkets | Discounters | Cash & Carry | Small Grocery Shops | Street Vendors + open markets | Others |
|---|---|---|---|---|---|---|---|
| **Bosnia** | Offering a broad food and non-food assortment. Usually offering large car parks.(Interex, Mercator, Robot Commerce, Merkur, Tom, Bingo...) | Mainly food assortment; over 400 m2 (Konzum, Interex, Dzanovic, Robot Commerce, Zvornicanka, Mercator, Tropic, Bingo...) | Limited range of food, often selling directly from pallets, focused on price (Lidl) | Velpro, Slavija | n/a | n/a | Offering a broad food and non-food assortment; selling to licensed customers (Getro, Metro); Specialist stores: pet shops, fruit shops, chocolate shops and butchers, kiosks, open market places, door-to-door, producer/farmer, mail order, gas stations, news stands; Smaller food/grocery outlets up to 400 m2 (Lora, Klas, Dzanovic, DP Market, Braca Karovic, Bingo, Konzum) |
| **Bulgaria** | HIT, Ramstore Hypermakets, Billa, Boila, Bonjour, Burlex, CBA Supermarkets, ENA, Familia, Fantastico Supermarkets, Oazis, Piccadilly, Ramstore Supermarkets, Other Supermarkets | | Kaufland | Fantastico C&C, Metro C&C | ARO, CBA Minimarkets, Fantastico Minimarkets, Magazin 345, T-Market, Minimarkets, Market Halls, Mixed Assortment | Street Vendors, Open Markets Vendors | Agro & Food stores, specialized stores: bakeries, butchers, chemists, etc, door-to-door, kiosks, mail order houses / subscr., petrol stations, tobacconists, etc. |
| **Croatia** | Offering a broad food and non-food assortment. Usually offering large car parks.(Interspar, IperCoop, Kaufland, Mercator hypers, Super Konzum) | Mainly food assortment; over 400 m2 (Bakmaz, Billa, Biljemerkant, Boso, Diona, Idis, Jolly, Kerum, KTC, Maxi Konzum, Mercator, Pemo, Plodine, Presoflex, Studenac, Tommy, etc.) | Limited range of food, often selling directly from pallets, focused on price (Lidl) | Getro, Metro | n/a | n/a | Offering a broad food and non-food assortment; selling to licensed customers (Getro, Metro); Specialist stores: pet shops, fruit shops, chocolate shops and butchers, kiosks, open market places, door-to-door, producer/farmer, mail order, gas stations, news stands; Smaller food/grocery outlets up to 400 m2 (Local convenience stores, Bakmaz, Billa (Minaco), Boso, Diona, Idis, Kerum, Konzum, KTC, Mercator, Pemo, Prehrana, Presoflex, Studenac, Tommy, etc.) |
| **Czech Republic** | Globus, Kaufland, Interspar, Hypernova/Hyperalbert, Tesco hypermarket, COOP Terno, Hypermarket | Albert, Billa, Tesco diskont, COOP / Jednota Tempo, COOP / Jednota Tip, COOP Supermarket; independents | Lidl, Penny Market, Plus, Norma, COOP Diskont, Diskont | Makro, Hopi C&C | Small self-service grocers: Spar, COOP / Jednota, COOP / Jednota Tuty<br>Over-the-counter specialists | Street Vendors, Open Markets Vendors | Family Frost, petrol station, etc. |
| **Hungary** | > 2,500 m2, more than 10,000 articles, at least 30% non-food, more than 10 cash registers (Auchan, Cora, Interspar, Tesco) | 400-2,000 m2, food and non food, 3-10 cash registers (Kaiser's, Match, Spar, bigger Coop, CBA and Real) | 400-1,000 m2, food and near-food range, cosmetics and chemical products, 3-10 cash registers (Lidl, Penny Market, Plus, Profi, Aldi) | Metro | Selling area less than 400 m2, 1 or 2 cash registers, range of food and non-food articles, belonging to named key account (small Coop, small CBA, small Real, small Honiker and Heliker shops) or being independent. | Street Vendors, Open Markets Vendors | Mail order, direct marketing, D.I.Y etc. |
| **Poland** | Auchan, Kaufland, Tesco, Intermarche, Carrefour, Real, E.Leclerc | ABC, Aldik, Alma, Asort, Billa, Bomi, Carrefour Minut, Carrefour Express, Dino, Duzy Sklep Wielobranzowy, Eko, Elea, E.Leclerc, Euro Sklep, Grosik, Jedynka, Marcpol, Piotripawel, Polomarket, Rossmann, Sano, Savia, Seic 34, Spar, Stokrotka, Tesco Express, Tesco, Topaz, Zatoka, Zielony Market | Aldi, Biedronka, Lidl, Netto, Plus Discount | Eurocash, Makro, Selgros | Food and non-food, less than 3 cash desks | Street Vendors, Open Markets Vendors | Petrol stations, Pharmacies, Drugstores, Cosmetics shops, Kiosks, Wholesalers, etc |
| **Romania** | Carrefour Hypermarket, Cora, Auchan Hypermarket, Spar Hypermarket, Real, Trident, Pic, Interex, Kaufland. | Food and non food products: Carrefour Express, Auchan Supermarket, Spar Supermarket, Mega Image, Billa, G'market, Angst, etc and independents | Lower prices for food and non food products: Penny Market, Penny Market XXL, MiniMax Discount, Plus, Profi | Metro Cash & Carry, Selgros Cash & Carry | Traditional shops, selling food and non food products, kiosks and agro & food stores (traditional over-the-counter shops for food, where you can also buy personal and household care products). | Street Vendors, market hall and open market vendors (open spaces for trade, especially for food products). | Other Shops: specialists stores, gas stations; drugstores; "Economat" stores, etc. |
| **Russia** | Ramstore, O'Key, Auchan | Sedmoy Kontinent, Stolitsa, BIN, etc | Kopeyka, Magnit, Pyaterochka, Kopeyka | Metro Cash&Carry | Limited food and non-food assortment | Street Vendors and Open Markets | Drugstores, Petrol stations, etc. |
| **Serbia** | 1000s m2, food and non-food assortment Mercator, Interex, Super Vero, M Rodić, Idea extra, Super Maxi, Tus | Over 400m2<br>C Market, Pekabeta, M Rodić, Maxi, Jabuka, Si Market, Univerexport, Interex, Ziper 024, Impex Promet, IDEA Super, DIS, Tus, etc | n/a | Stores with specific payment regulation and/or specific membership cards Tempo, Metro, Roda, Figrad, etc | Up to 400m2, miniMaxi, C Market, Pekabeta, M Rodić, Univerexport, Idea, Jabuka, Si Market, Višnjica, DIS, Luki Komerc, etc | Street Vendors, Open Markets Vendors | Specialist stores<br>Drogeries (DM, Lilly), Perfumeries, Pharmacies, Door-to-Door, Bakeries, Coffee Shops, Beverages discounts, Dairy Shops, Candy Shops, Kiosks, etc |
| **Slovakia** | Food and non-food assortment, minimal sales area 2500 sqm, usually offering large car parks (examples: HM Tesco, Hypernova, Carrefour, Kaufland). | Food assortment. Billa, Terno, COOP/Jednota | Limited range of food assortment, often selling directly from pallets, focused on price (Lidl, Rema 1000, etc.) | Selling to licenced customers only (retailers, small entrepreneurs (examples: Metro). | Small food-self service: Sama, Coop Small food retailers over-the-counter: Bala | Street Vendors, Open Markets Vendors | Gas stations, tobacconist´s/newsstands, etc. |
| **Ukraine** | More than 400m2. Silpo, Furshet, Billa, Velyka Kyshenya, Karavan, ProStor, Tam-Tam, Auchan, etc. | | 400-1,500 m2. ATB, Fora, Barvinok, etc. | Selgros & Makro for households and Metro for businesses | Selling mainly food, less than 3 cash registers, counter or self-service | n/a | Direct sales, specialized stores, etc. |

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# Consumer Index

## Sources & Methodology

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**METHODOLOGY:**

• A consumer panel is a permanent, syndicated and representative sample of consumers, who provide ongoing details of the fast moving consumer goods they purchase. Using the scanning/diary methodology, each panel member records the details of every item they purchase.

• Sample sizes in number of households: Russia: 7,000 HHs; Poland: 5,000 HHs; Ukraine: 5,000 HHs; Czech Republic: 2,000 HHs; Hungary: 2,000 HHs; Bulgaria: 2,500 HHs; Romania: 2,200 HHs; Croatia: 1,500 HHs; Slovakia: 1,500 HHs; Serbia: 1,500 HHs; Bosnia&Herzegovina: 1,000 HHs.

• Category, channels data and Average Basket size data are based on local currency.

**KEY INDICATORS :**

Panel data indicators

• **Frequency of FMCG purchase:** Frequency of FMCG purchase during the quarter compared with the same quarter the previous year.

• **FMCG Average Basket Size:** Average amount spent per trip in FMCG during the quarter compared with the same quarter the previous year.

Eurostat data indicators:

• **Food price index:** Harmonized Indices of Consumer Prices (HICPs) are produced and published using a common index reference period (2005=100).

• **Unemployment:** Unemployed persons comprise persons aged 15 to 74 who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the next three months.

• **Constant Price GDP** (based on Euro currency): Gross domestic product (GDP) at market prices is the final result of the production activity of resident producer units (ESA 1995, 8.89). It is defined as the value of all goods and services produced less the value of any goods or services used in their creation. Data are calculated as chain-linked volumes (i.e. data at previous year's prices, linked over the years via appropriate growth rates). Growth rates with respect to the previous quarter (Q/Q-1) are calculated from calendar and seasonally adjusted figures while growth rates with respect to the same quarter of the previous year (Q/Q-4) are calculated from raw data.

**KEY COUNTRY FACTS:**

*Source: CIA World Fact Book*

| Country | Individual Population (in 000's) | Number Of Households (in 000's) | GDP per Capita (2008 est.) |
|---|---|---|---|
| Bosnia & Herzegovina | 3,900 | 1,114 | $6,600 |
| Bulgaria | 7,680 | 2,908 | $13,200 |
| Croatia | 4,439 | 1,477 | $16,900 |
| Czech Republic | 10,349 | 4,423 | $26,800 |
| Hungary | 10,051 | 3,811 | $20,500 |
| Poland | 38,115 | 13,350 | $17,800 |
| Romania | 21,680 | 7,320 | $12,500 |
| Russia Federation | 142,221 | 52,700 | $15,800 |
| Serbia | 7,498 | 2,521 | $8,200 |
| Slovakia | 5,400 | 1,900 | $22,600 |
| Ukraine | 46,424 | 18,200 | $6,900 |

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