

Super Market: Overview 2017 Forecasting 2018



ECR Meeting

Panagiotis Boretos
Deputy Managing Director
Commercial Director

28/02/2018



Key Findings

KEY FINDINGS FOR THE TOTAL MARKET

- Counting from 2010, Q3 2017 is the first period presenting positive **GDP** vs Q3 2016
- **Inflation** trend in 2017 reversed, being in same level as 2012
- Positive **sales trend** for the market in 2017 vs 2016
- Positive trends in **both volume and value** in 2017
- **Unemployment** decreased, during the first ten months of 2017

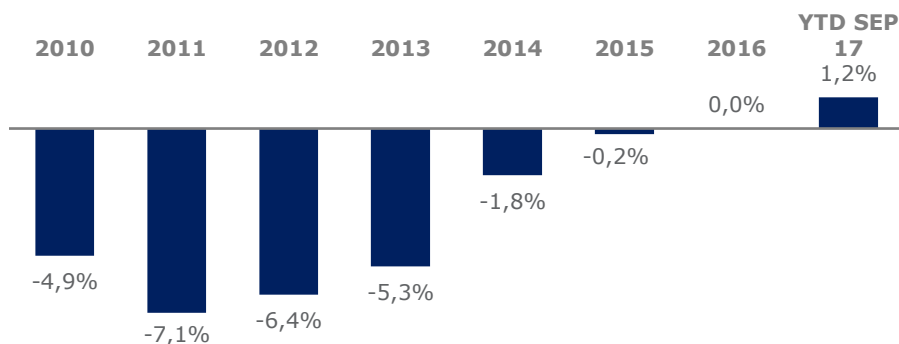


Content

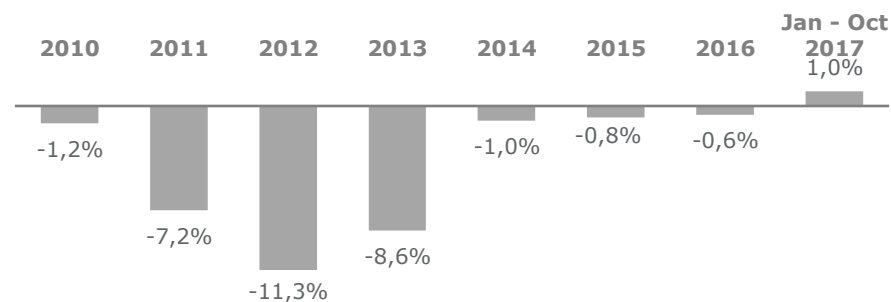
- 1 Greek Market Layout
 - 2 Trends in value for Total Greece - Super/Hyper Markets
 - 3 Trends in value for 6 Top Retailers - Super/Hyper Markets
 - 4 Forecasting 2018
-

Greek economy

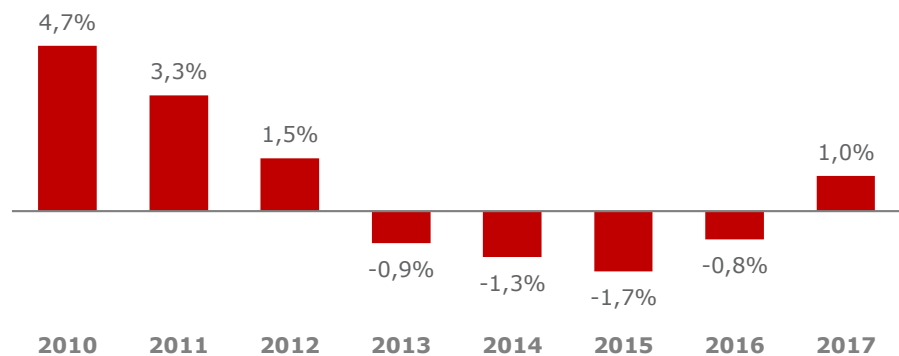
GDP



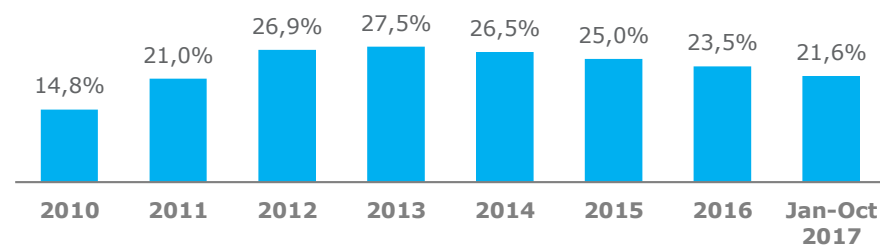
RETAIL TURNOVER INDEX (w.o AUTOMOTIVE FUEL)



INFLATION RATE TREND



UNEMPLOYMENT

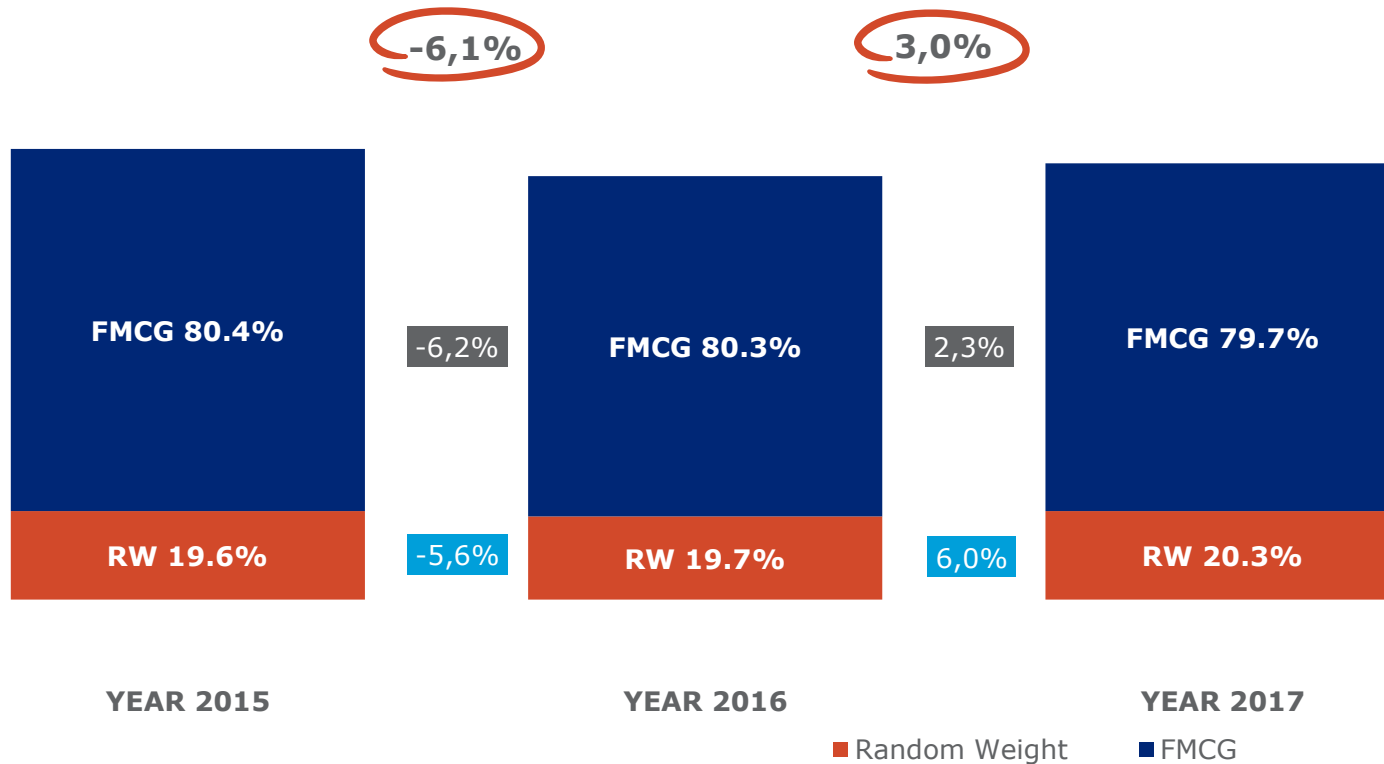


Source: ELSTAT Jan 2017 (latest available period/provisional data)

During 2017, Random Weight categories have shown excellent performance

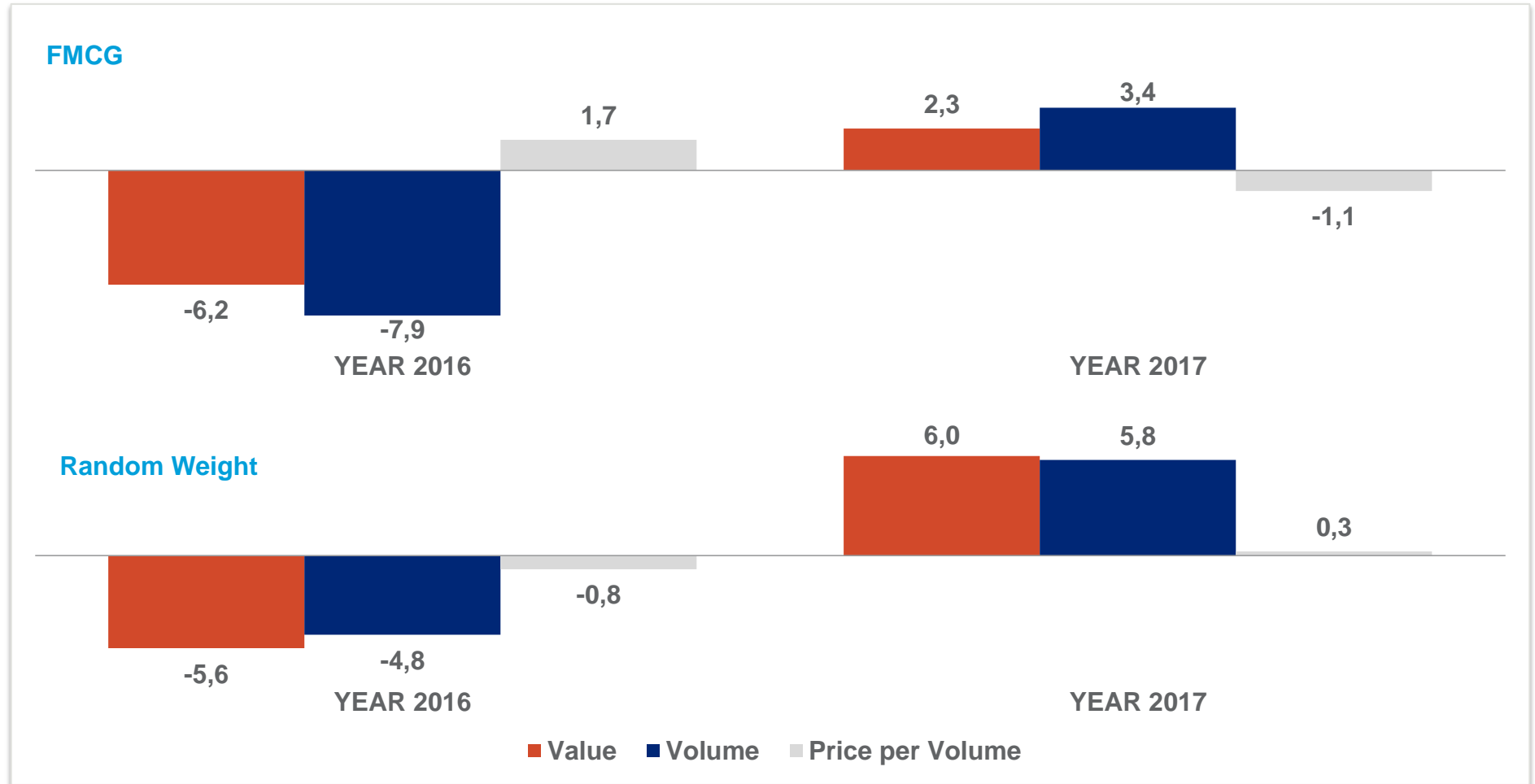
FMCG & Random Weight Value Sales Trend

Super & Hyper Markets | At least 2 cash registers



Source: IRI InfoScan, HM/SM - RW

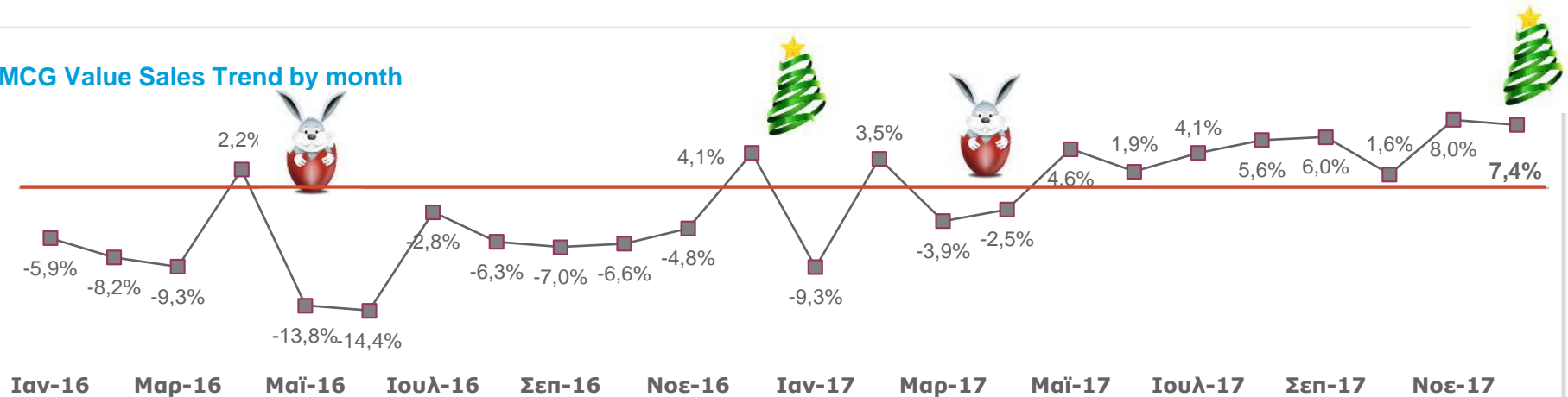
Positive trends in both Volume and Value terms in year 2017



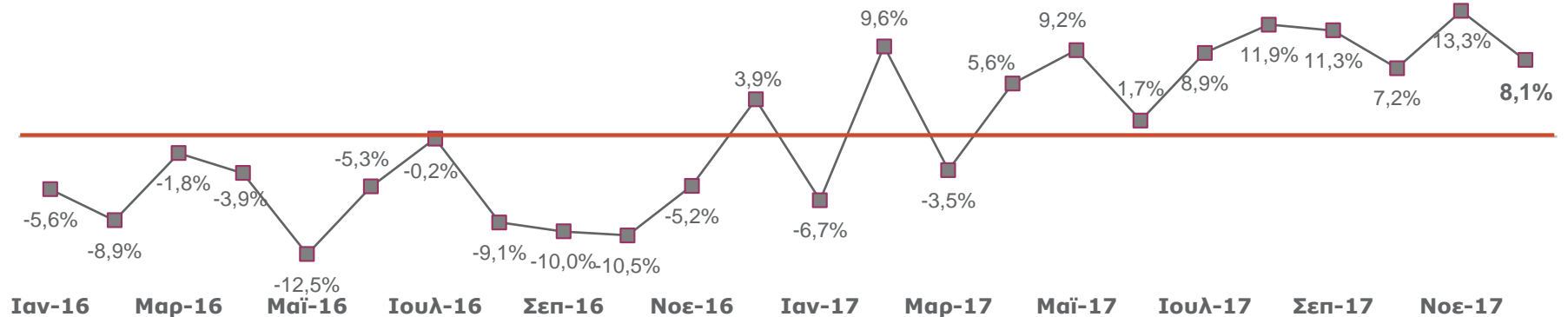
Source: IRI InfoScan, HM/SM - RW, Year 2017

Value sales trend is positive during the latest consecutive months

FMCG Value Sales Trend by month



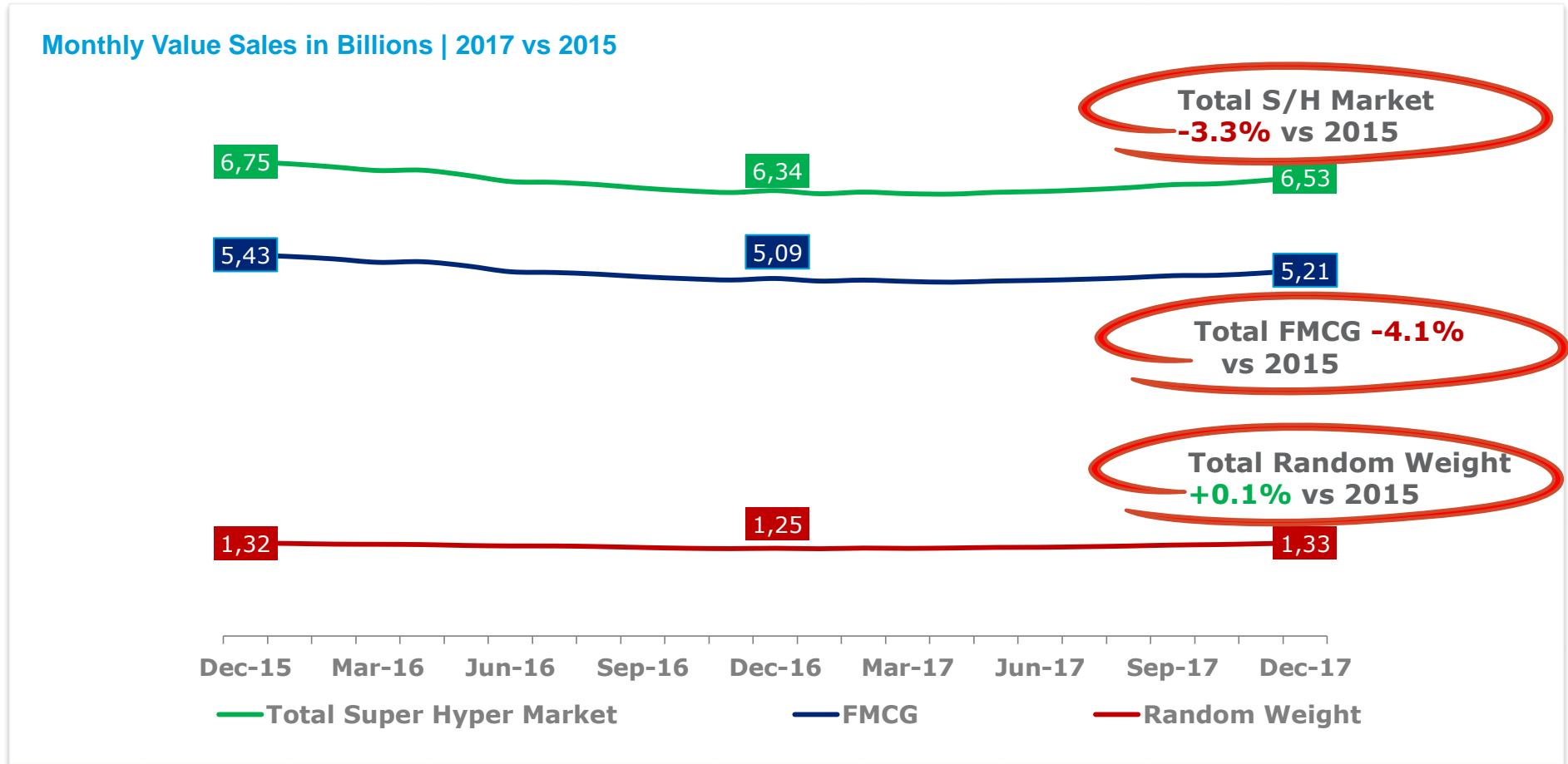
Random Weight Value Sales Trend by month



Source: IRI InfoScan, HM/SM - RW

The negative trend in sales, over the past two years is coming from FMCG, Random Weight remain stable

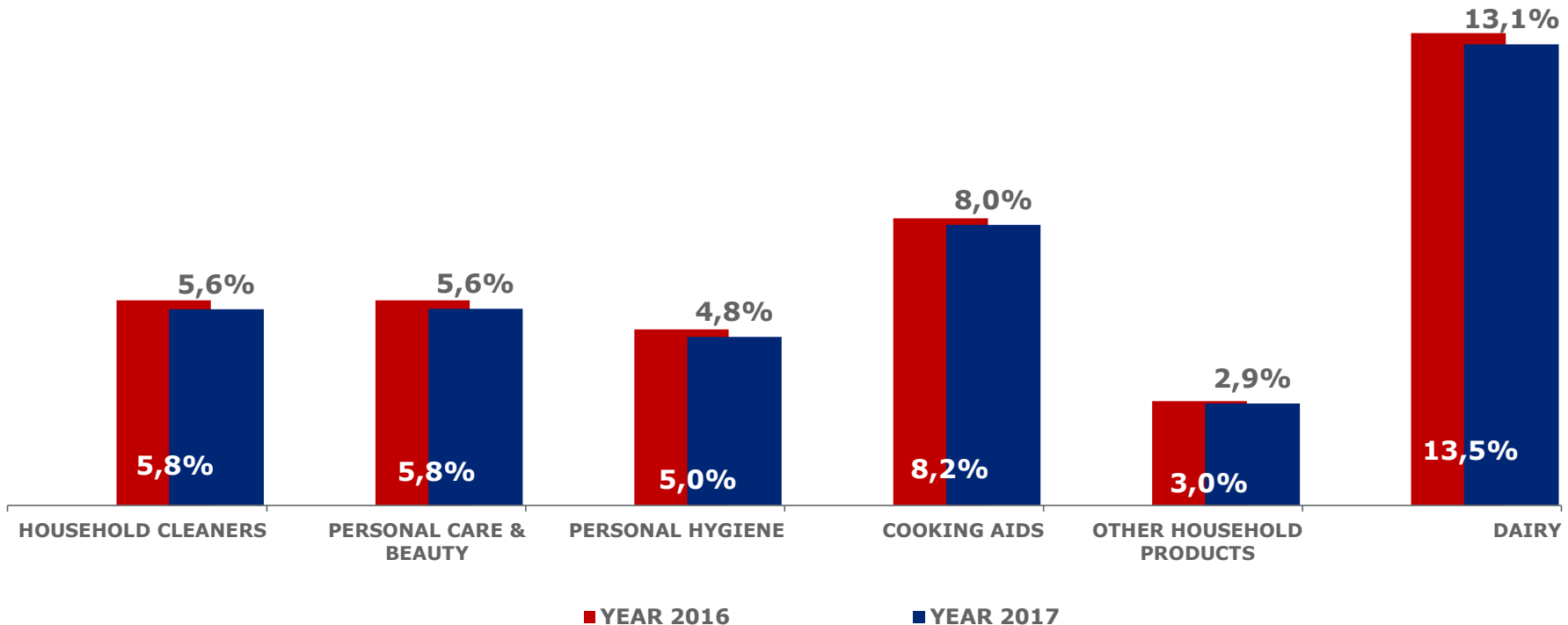
Total Market, FMCG & Random Weight



Source: IRI InfoScan, HM/SM - RW

Dairy, Household Cleaners & Personal Care and Beauty showing the most significant losses in value contribution in Super-Hyper Markets

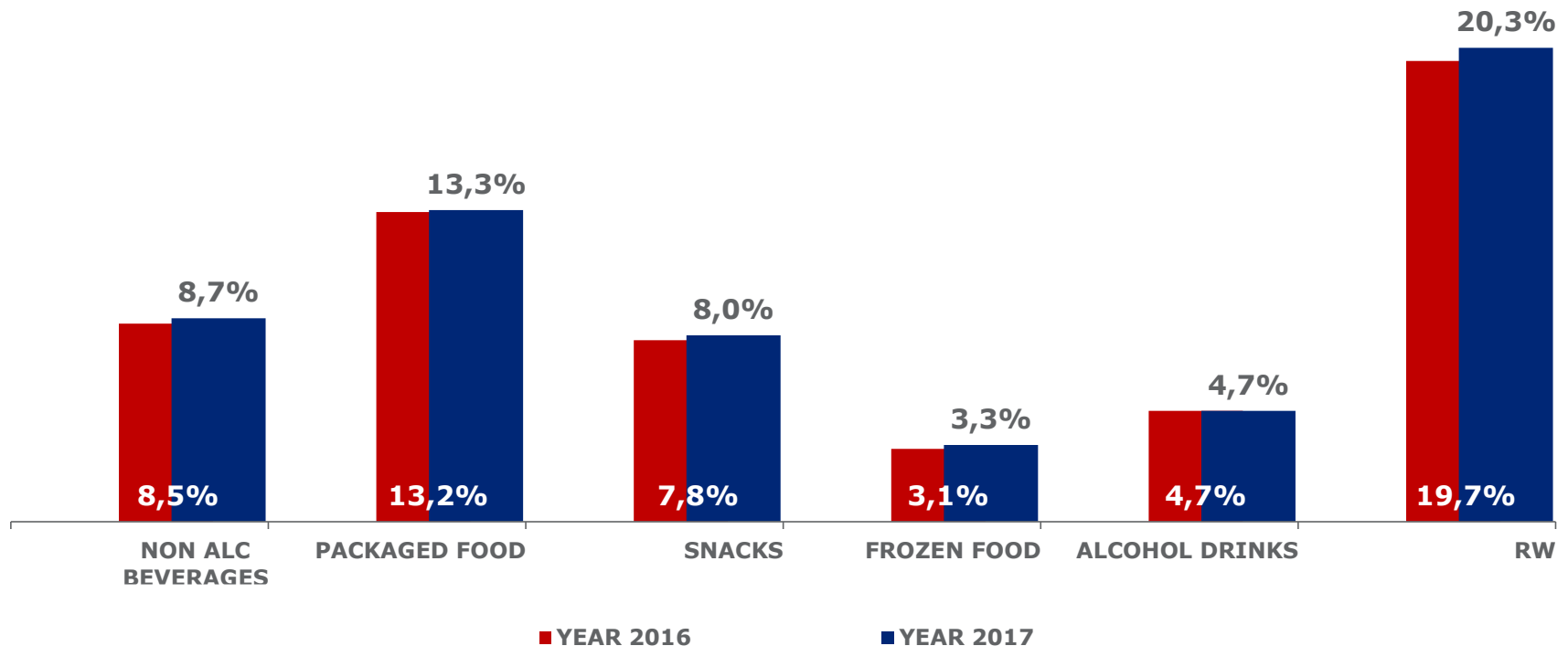
Decreasing categories in Value Contribution



Source: IRI InfoScan & Random Weight, HM/SM

Random Weight in total and Food and Beverage categories, showing the most significant gain in value contribution in Super-Hyper Markets

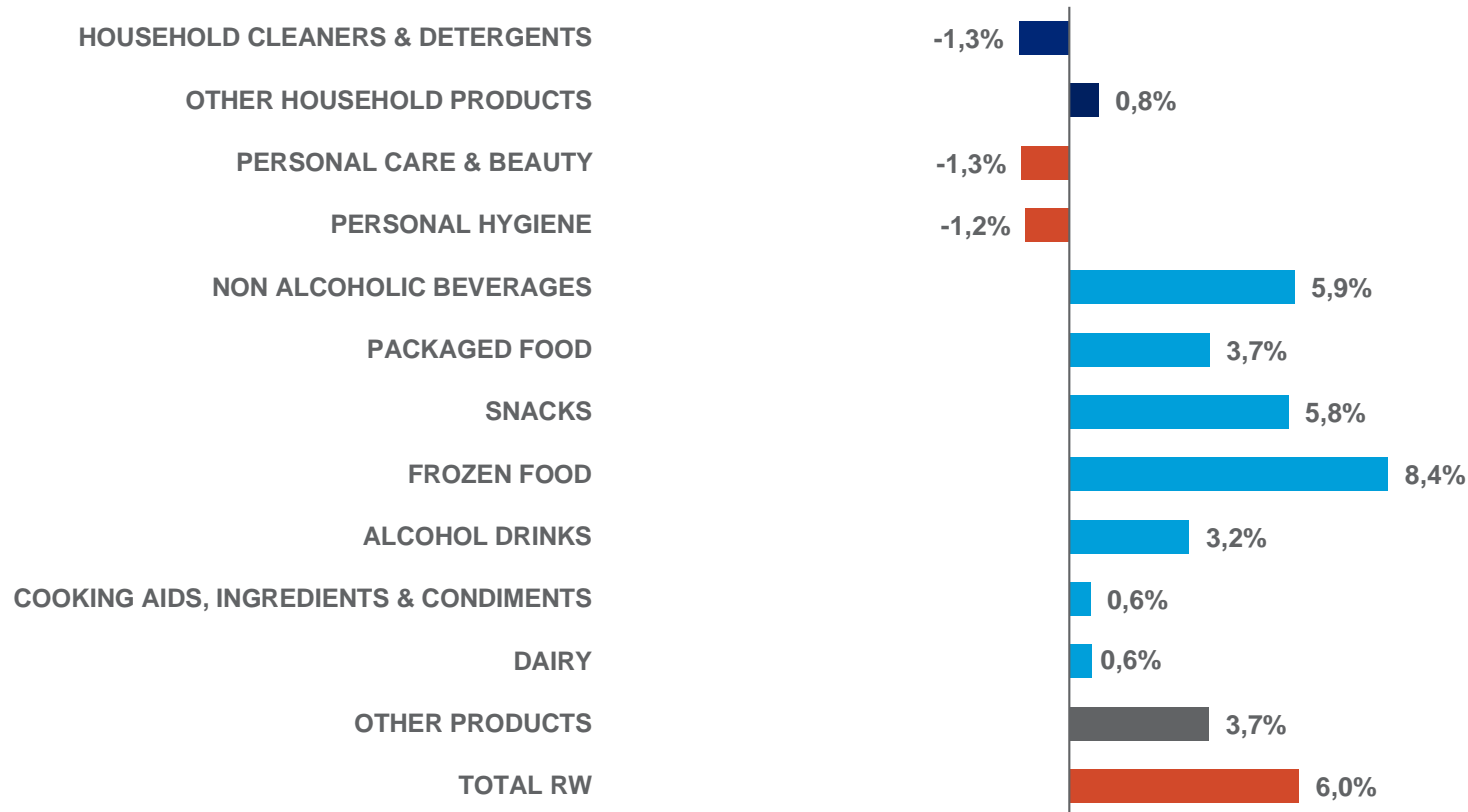
Winning categories in Value Contribution



Source: IRI InfoScan & Random Weight, HM/SM

Positive signs mainly in Food & Beverage Categories

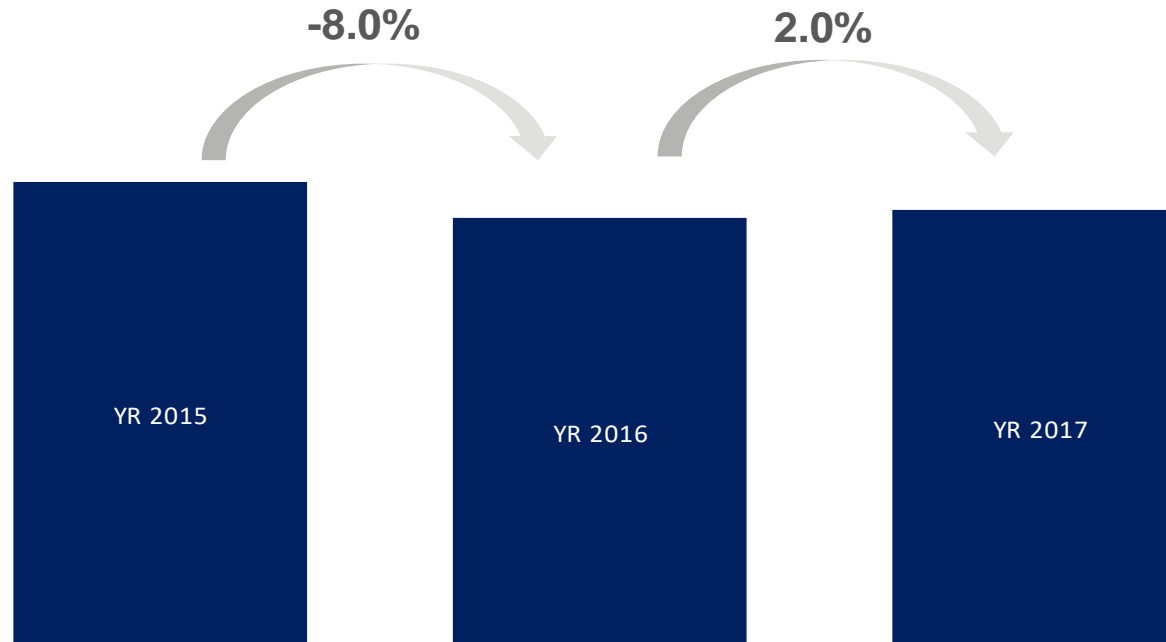
Super/Hyper Markets I Value Sales Trend 2017 vs 2016



Source: IRI InfoScan, HM/SM

Contribution of Top 5 retailers recovered the final quarter of 2017

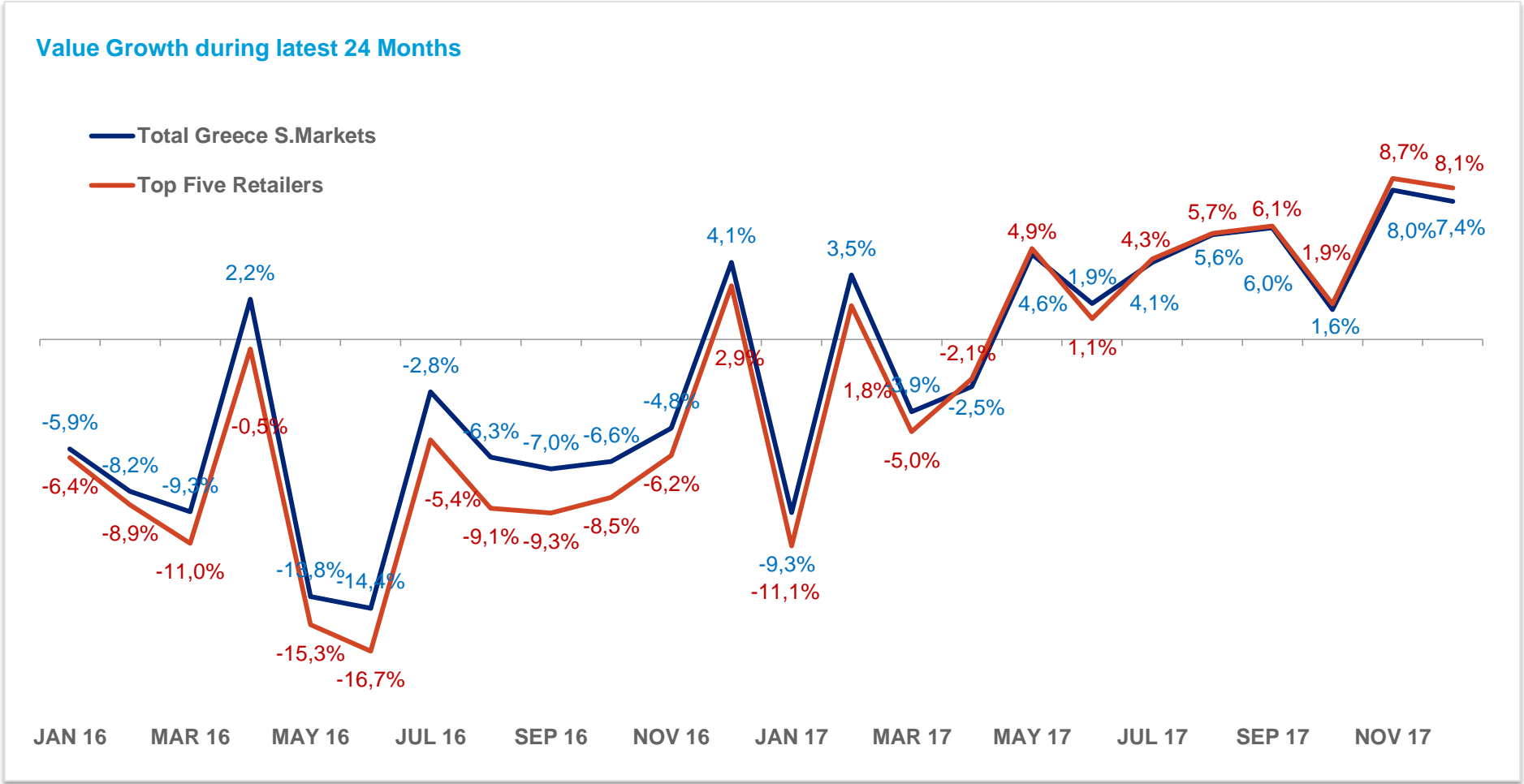
FMCG Value Sales Trend | Top 5 Retailers



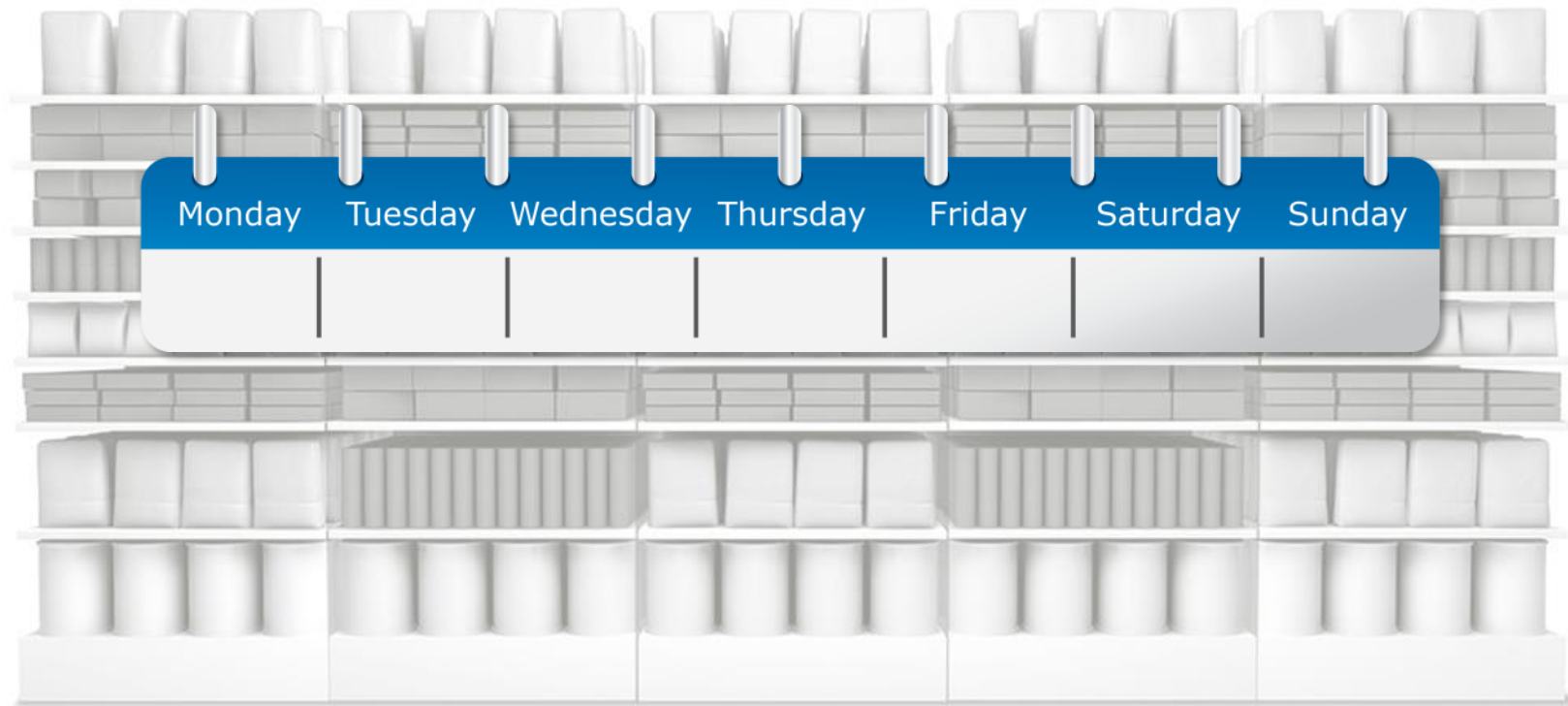
Value Contribution	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17
Top 5 Retailers	89.1%	87.8%	86.1%	87.7%	87.7%	87.7%	86.2%	88.1%

Source: IRI InfoScan, HM/SM

Starting from April 2017, Top 5 Retailers have better performance than Total Market



Source: IRI InfoScan, HM/SM



Forecasting 2018

Explanatory Variables:

- GDP
- Number of Stores - Carry over effect



Forecasting model factors

- **4+ years of POS data with key causal measures**
- **Macroeconomic Factors**
 - Gross domestic product
 - Turnover Index in Retail Trade
 - Unemployment rate
 - Consumer Price Index (Inflation Rate)
 - Per capita figures: GDP and National Income
- **Other Research & Data**
 - Seasonality and Holidays
 - Number of Stores

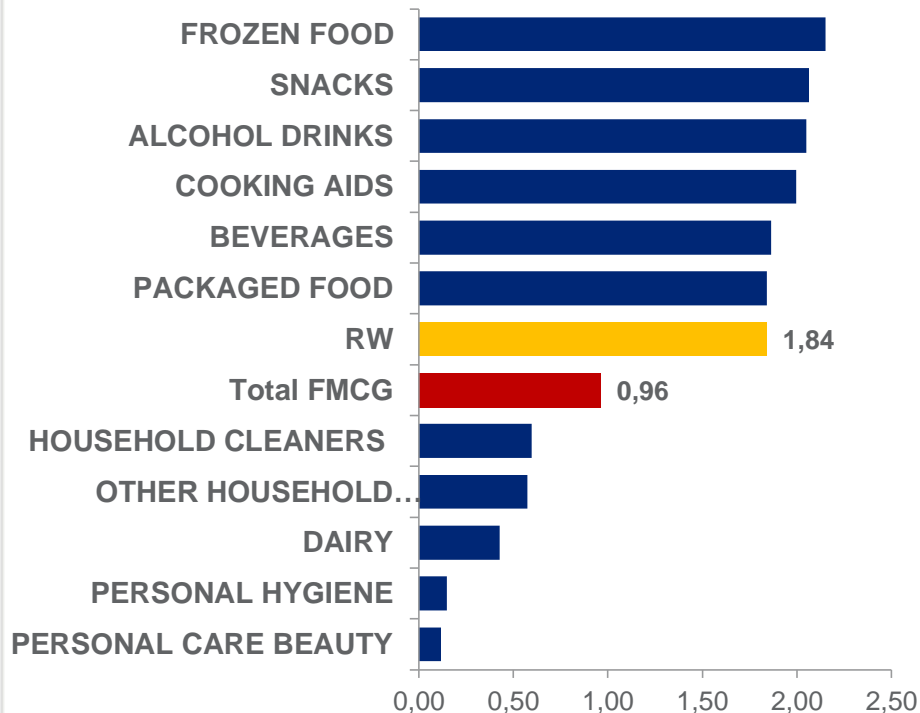


Variables' elasticity per category

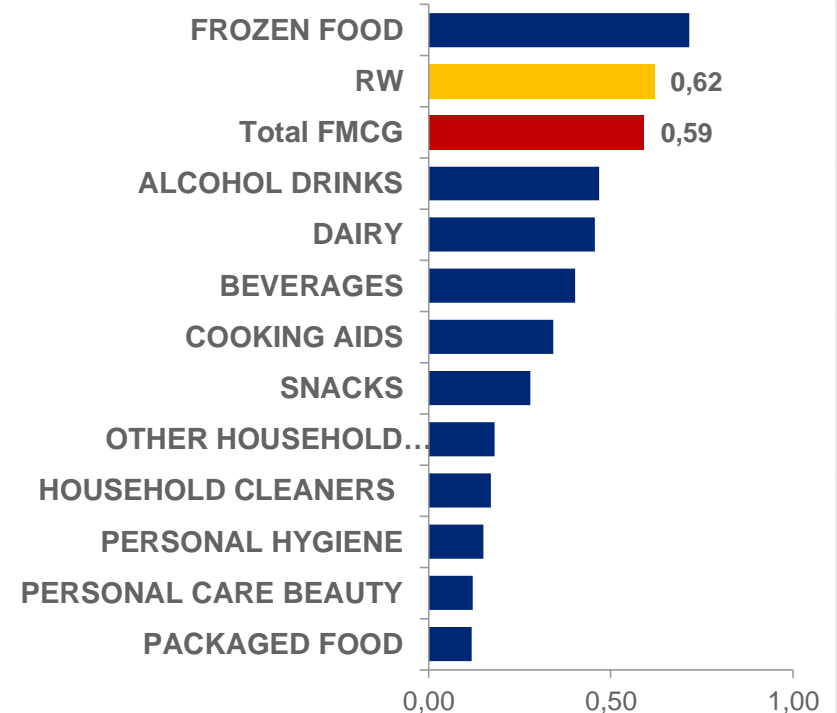
IRI Analysis

Food & Beverage categories which have positive value trend, have higher elasticities being more sensitive due to GDP & No of stores changes

GDP Elasticity



Number of Stores Elasticity




Forecasting 2018

IRI Results


GDP 2018:
1.28%

GDP 2018:
2.8%

			 Scenario		Scenario 2
Categories	2016 vs 2015	2017 vs 2016	Forecasting 2018		Forecasting 2018
FMCG & RW	-6.2%	3.0%	3.1%		4.8%
RW	-5.8%	6.3%	5.4%		8.2%
FMCG	-6.2%	2.3%	2.6%		4.1%
HOUSEHOLD	-4.9%	-0.6%	0.7%		1.6%
HOUSEHOLD CLEANERS DETERGENTS	-4.9%	-1.3%	0.5%		1.4%
OTHER HOUSEHOLD PRODUCTS	-5.1%	0.8%	1.0%		1.9%
HBA	-5.7%	-1.2%	1.4%		1.6%
PERSONAL CARE BEAUTY	-4.2%	-1.3%	1.3%		1.5%
PERSONAL HYGIENE	-7.5%	-1.2%	1.5%		1.7%
FOOD	-6.3%	3.2%	3.0%		5.4%
PACKAGED FOOD	-5.9%	3.7%	3.8%		6.6%
SNACKS	-2.6%	4.9%	4.0%		7.1%
DAIRY	-10.4%	0.6%	1.2%		1.8%
FROZEN FOOD	-3.5%	8.4%	3.2%		6.3%
COOKING AIDS	-5.4%	0.6%	1.4%		4.5%
BEVERAGES	-5.9%	5.9%	5.0%		7.8%
ALCOHOL DRINKS	-4.9%	3.2%	2.8%		6.0%

- IRI Scenario / GDP under our estimation for the 2018: **1.28%** in average & no unexpected changes
- Scenario 2 / National Target of GDP in 2018 is under **2.8%**

Summary

- 1 Overall 2017 was a positive year both on value and volume in SM, price trend of FMCG is slightly negative due to the intensive price promotions although is stable for Random Weight
- 2 Main factors influencing 2017 performance were the slight increase of GDP and the number of stores due to operation of EYS
- 3 Positive trend of 2017 in SM, due to channel switching during the second semester
- 4 Food sector including Random Weight had positive performance in 2017, on the other hand both HH and HBA although improved their performance noticed negative trend
- 5 In 2018 the positive trend will be continue if we have the same conditions in the market. Assuming that we will not have any further increase of the number of stores the only macroeconomic factor influencing is GDP
- 6 The first  IRI scenario, is GDP to be increased as 2017 and the second more optimistic based on the National target of the Bank of Greece

Thank you!



IRi
Growth delivered.