



PASTA IN EUROPE: OPPORTUNITIES AND CHALLENGES FOR MANUFACTURERS

UNAFPA/SEMOULIERS AND IPO BOARD MEETING
23 MAY 2014 - LYON

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SENIOR ANALYST

About Euromonitor International

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MARKET ENVIRONMENT

ADDING VALUE TO PASTA

LESSONS FROM BEYOND EUROPE

KEY TAKEAWAYS



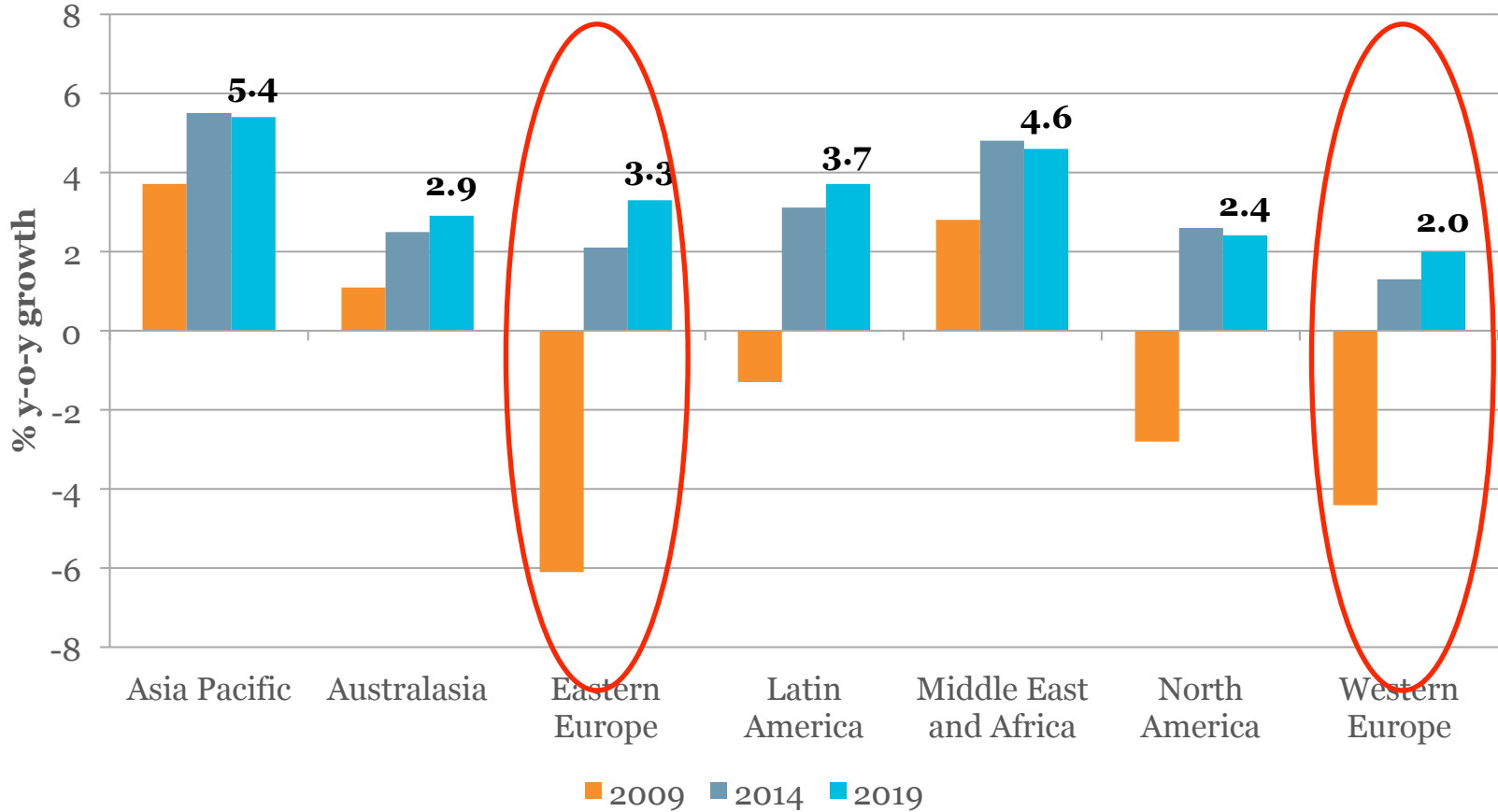
2014 Expected to Be Turning Point in Real GDP Growth Globally

World: % Real GDP Growth



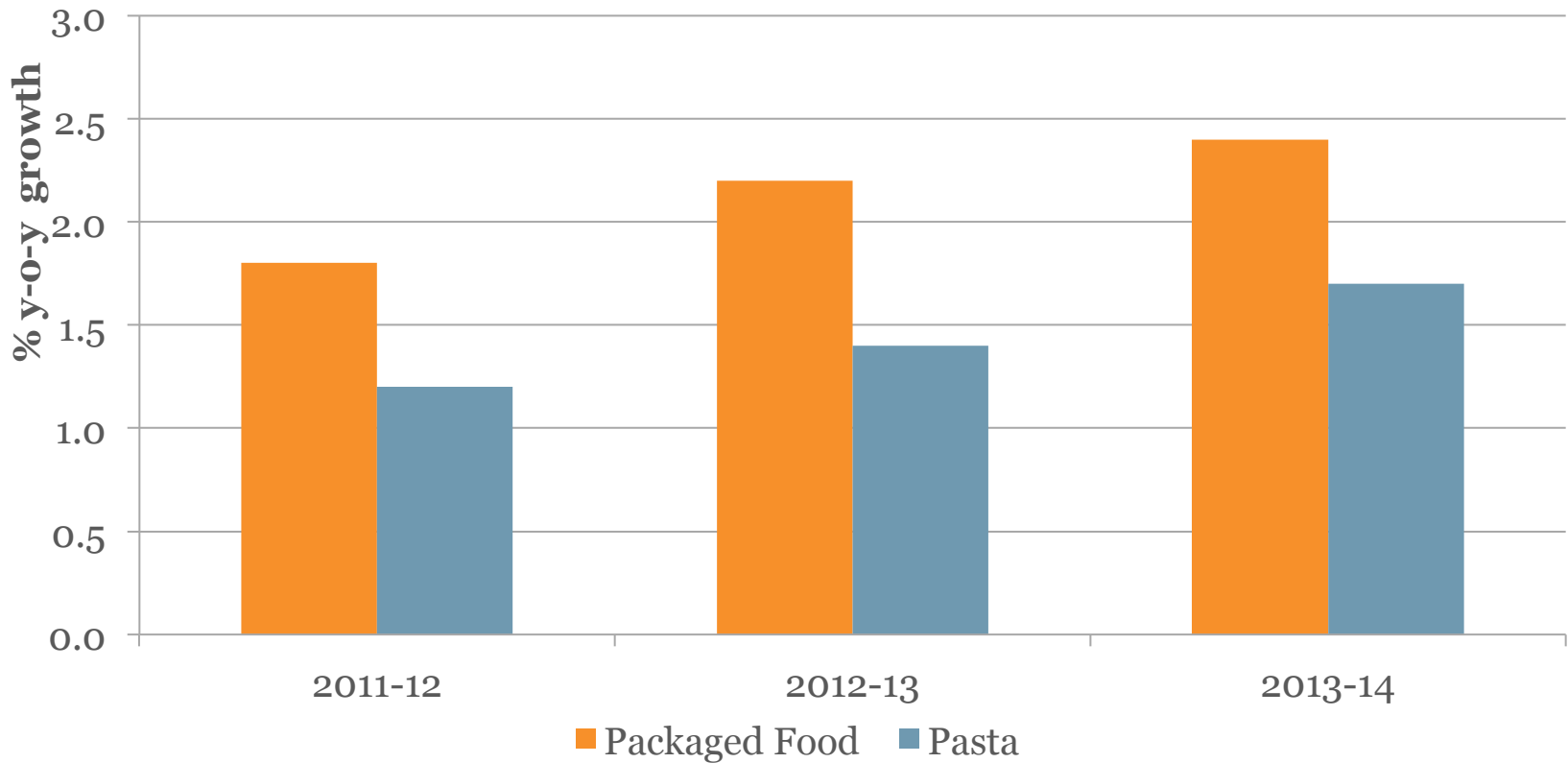
Modest Recovery Expected in GDP Growth in Europe by 2019

% Year on Year Real GDP Growth by Region – 2009-2019



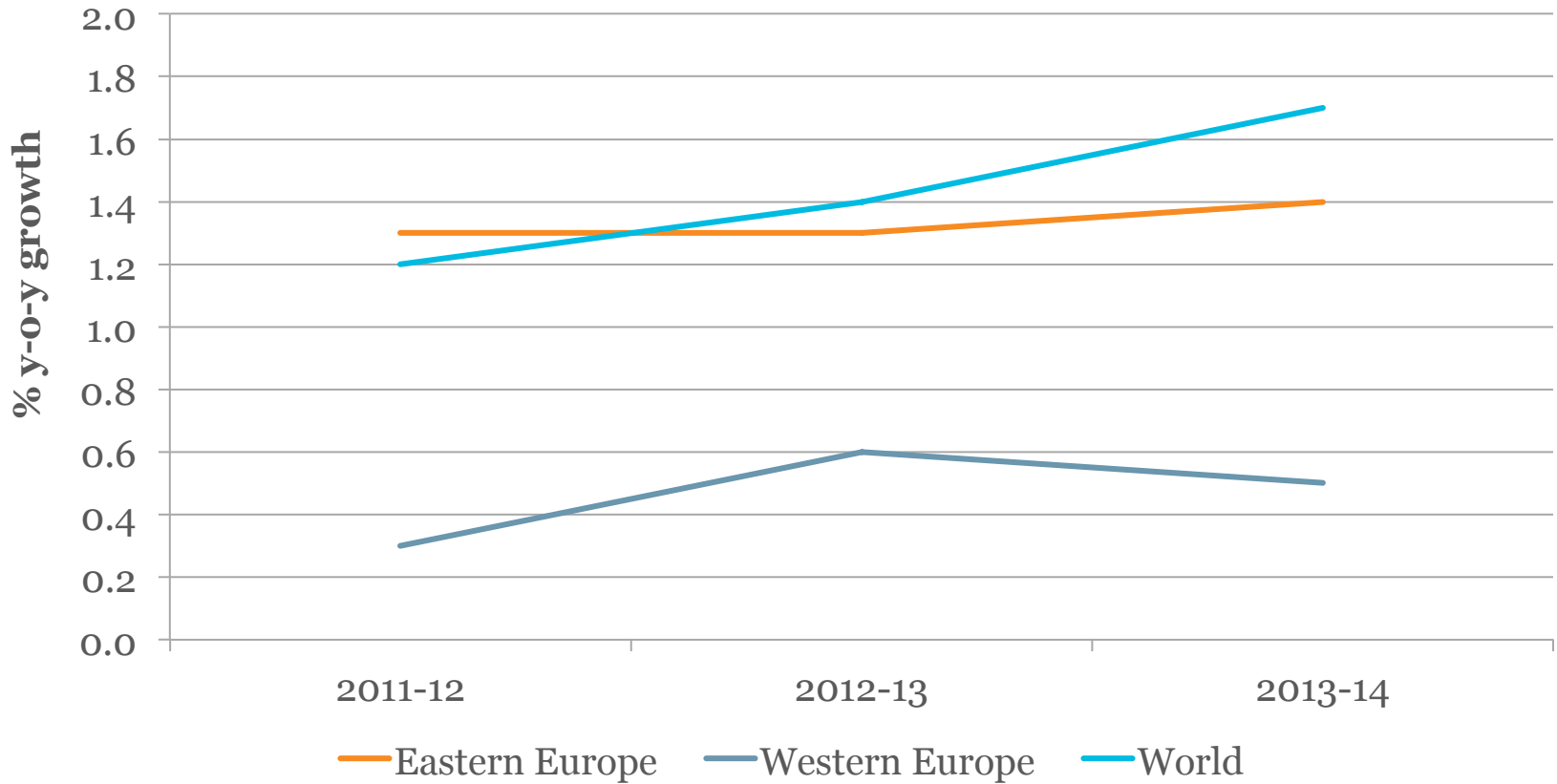
Pasta Volume Growth Remain Slower & Lower than Overall Food

**World: Retail Volume Sales of Packaged Food Versus Pasta
2012-2014**



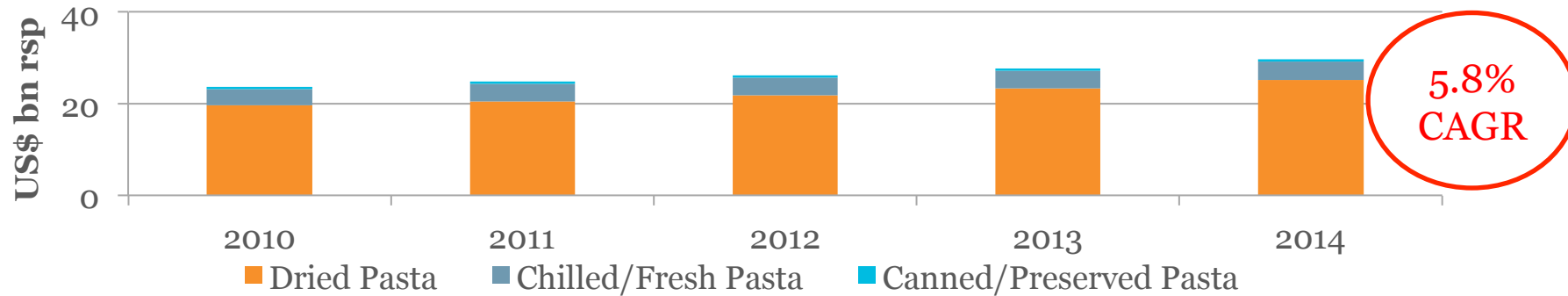
Underwhelming Growth in Western Europe

Pasta: Retail Volume Sales Growth – Eastern and Western Europe – 2012-2014

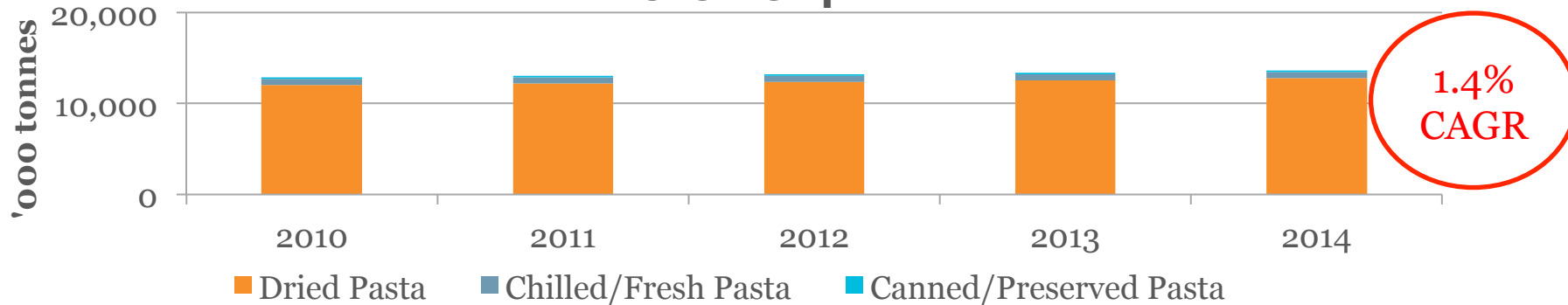


Value Growth Outpace Volume in Global Pasta

Global Pasta Market Size by Category – Value
2010-2014



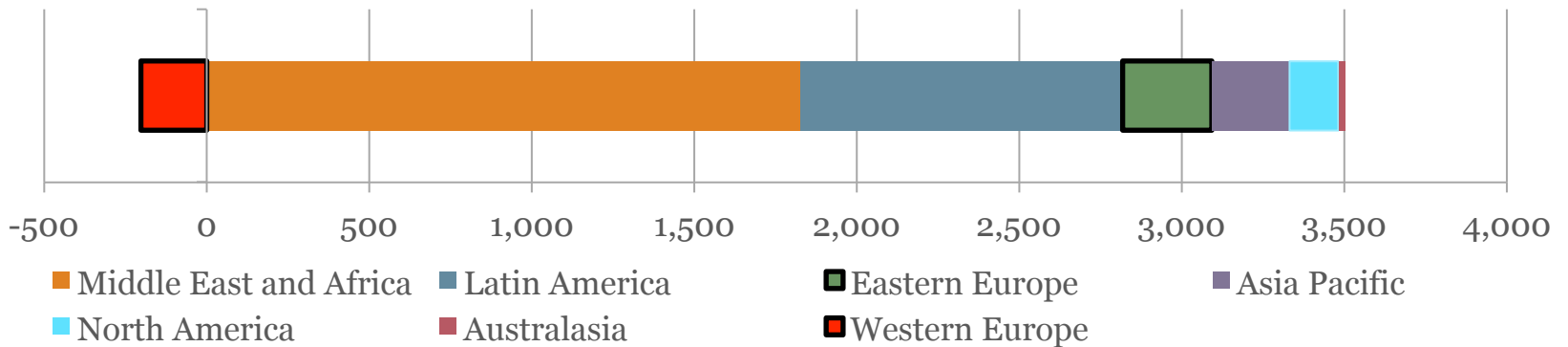
Global Pasta Market Size by Category – Volume
2010-2014



Europe Contributes Little to Global Pasta Value Growth up to 2018

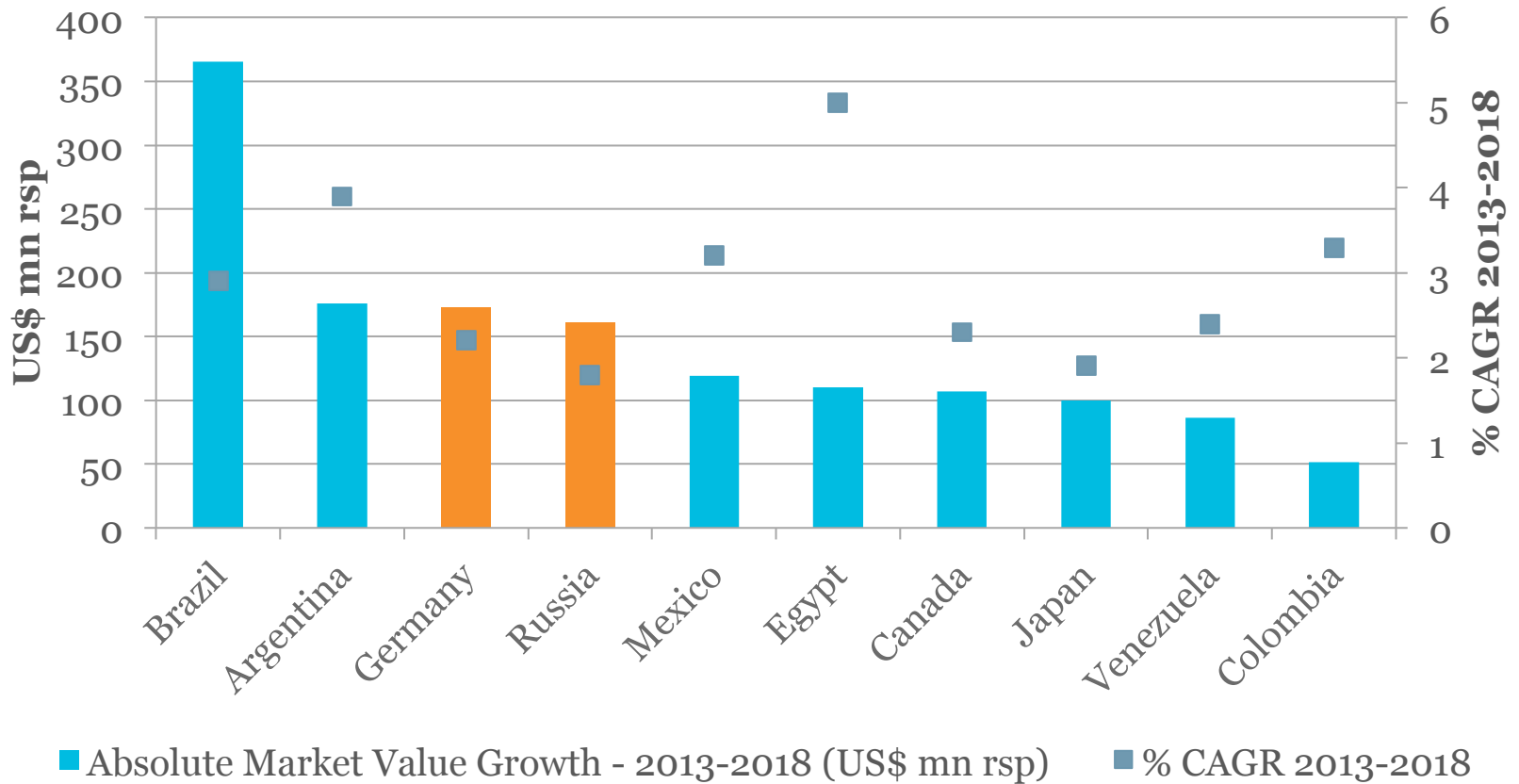


Absolute Market Value Growth by Region – 2013-2018

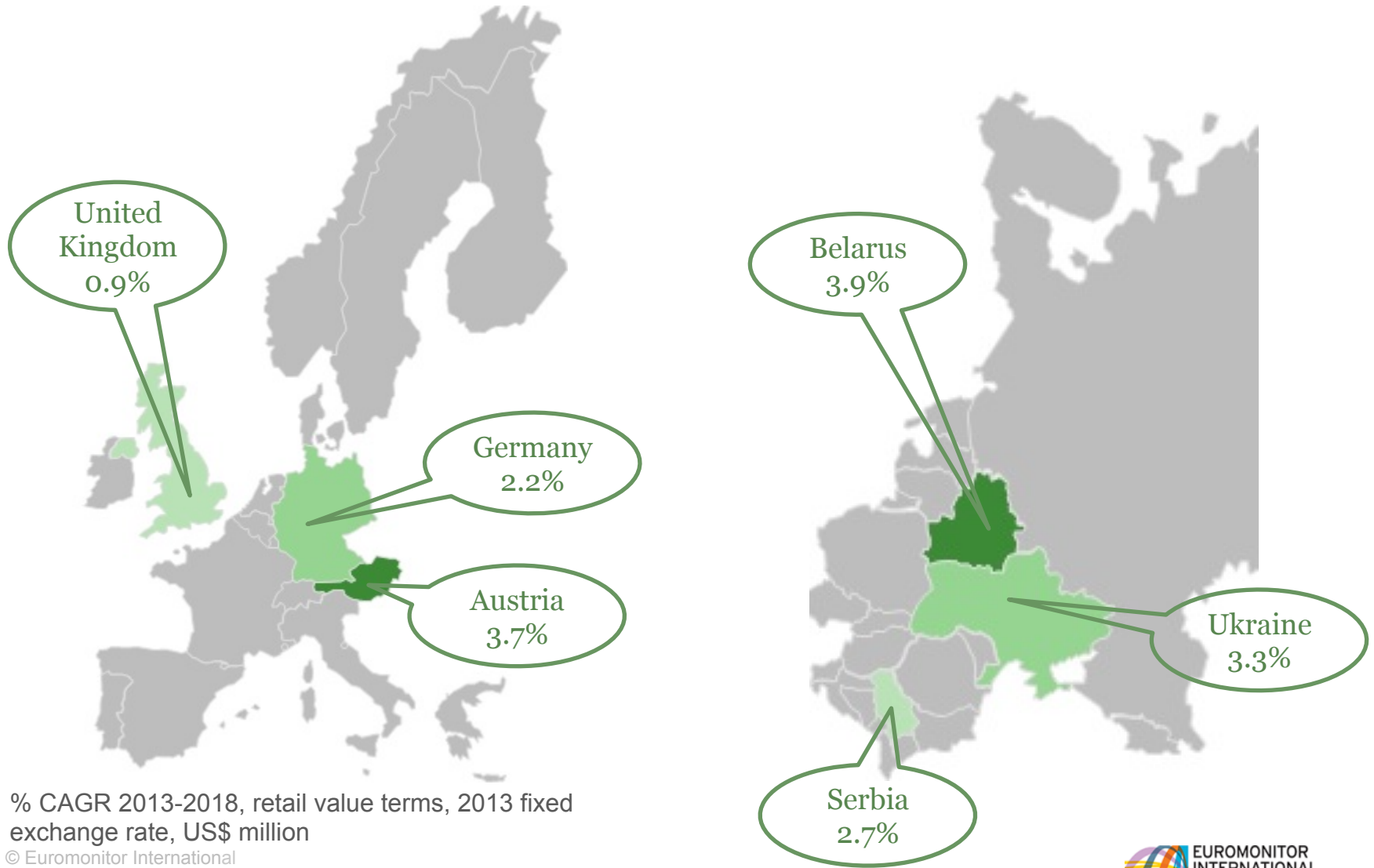


Only Two European Markets Ranks in Global Top 10

Pasta: Top 10 Markets' Absolute Market Value Growth 2013-2018



Top Growth Markets in Europe – 2013-2018

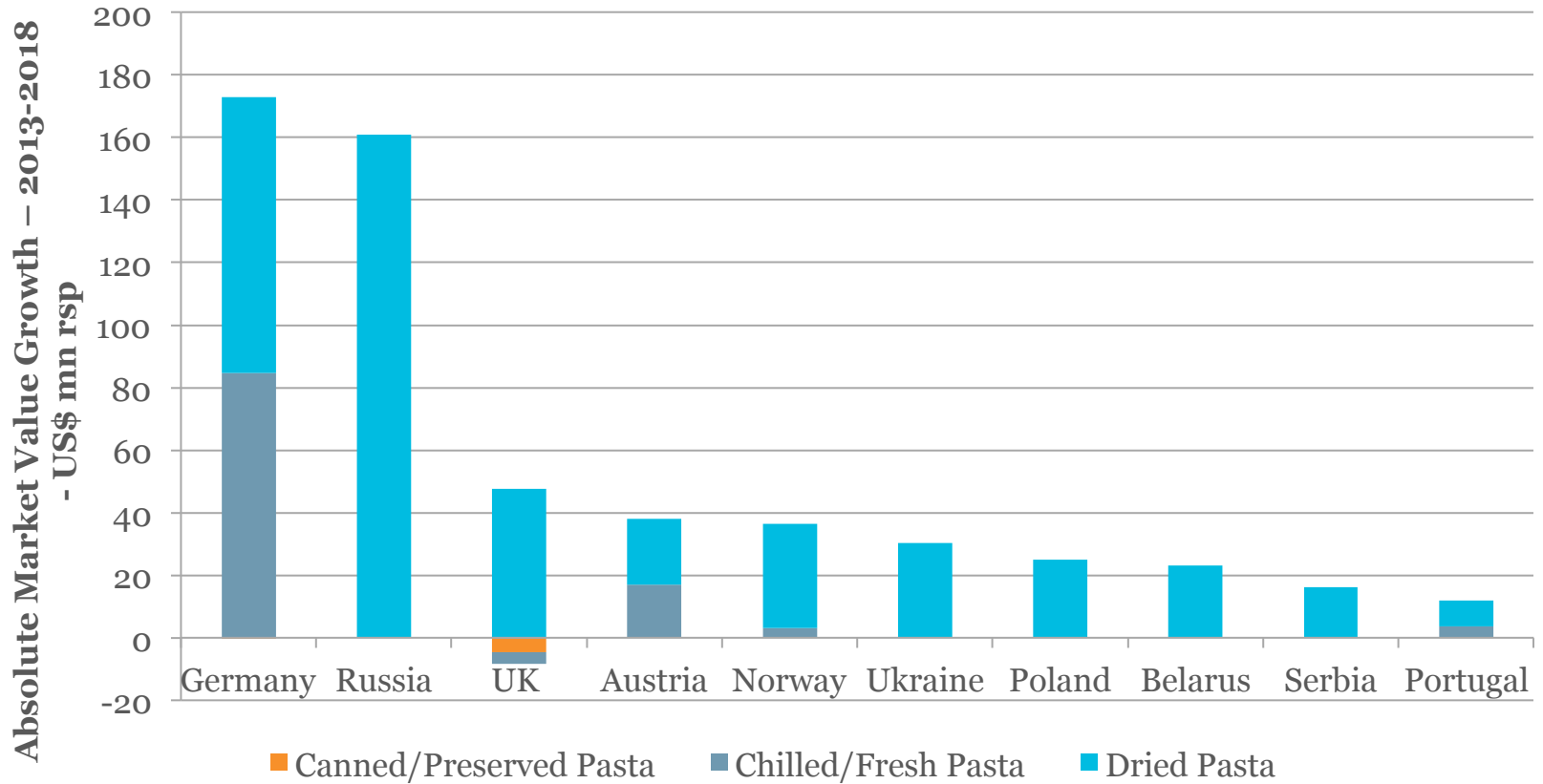


% CAGR 2013-2018, retail value terms, 2013 fixed exchange rate, US\$ million

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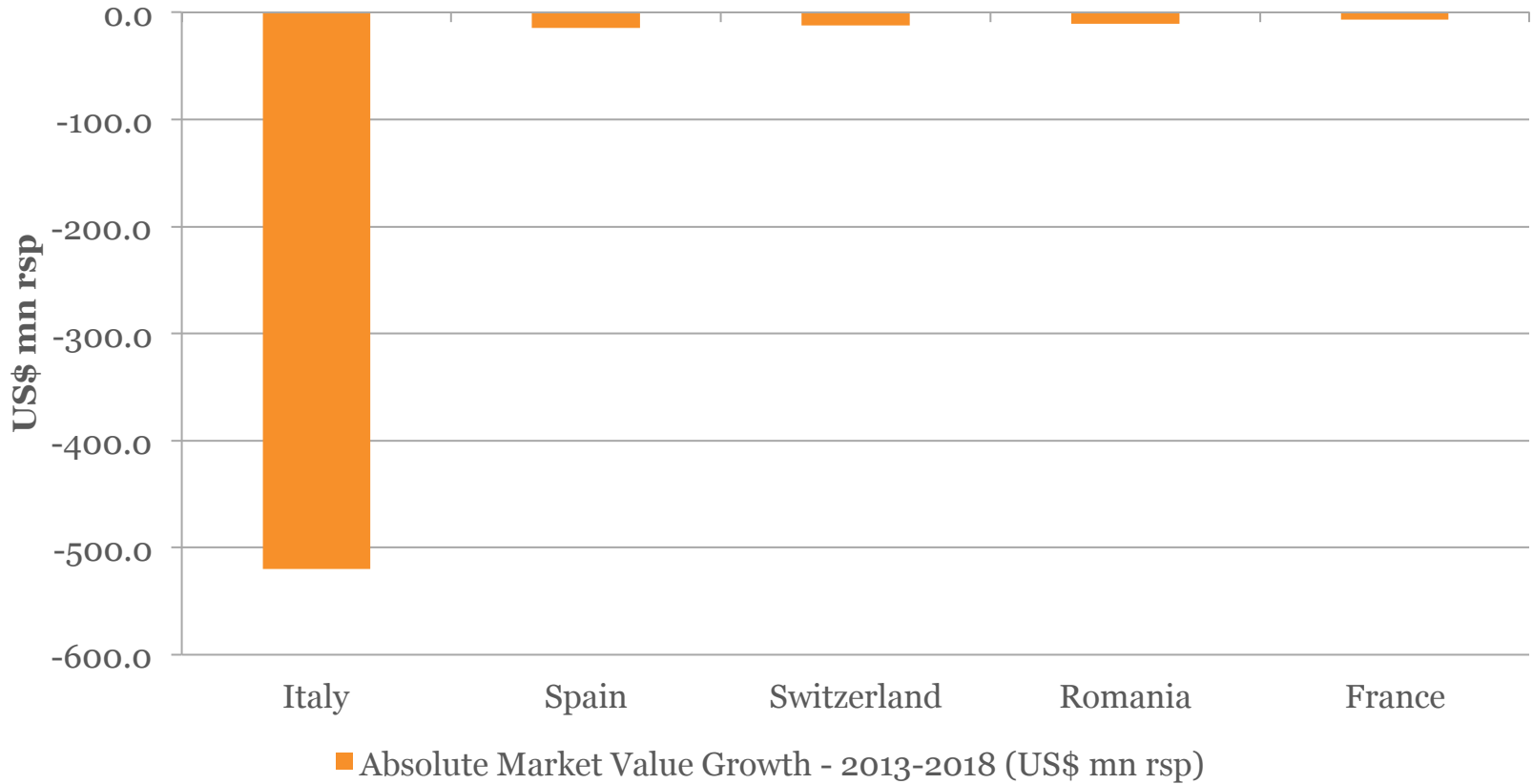
Still Dried Pasta Generates Most of European Growth

**Top 10 European Pasta Markets' Growth Prospect by Category
2013-2018**



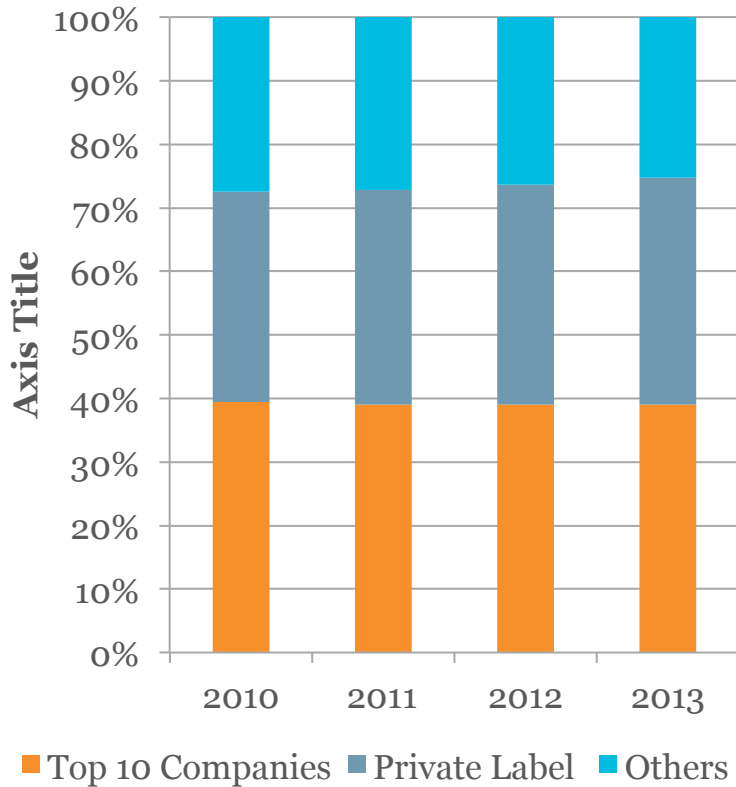
Market Value Contraction in European Markets

**Five European Markets' Negative Growth Prospects
2013-2018**

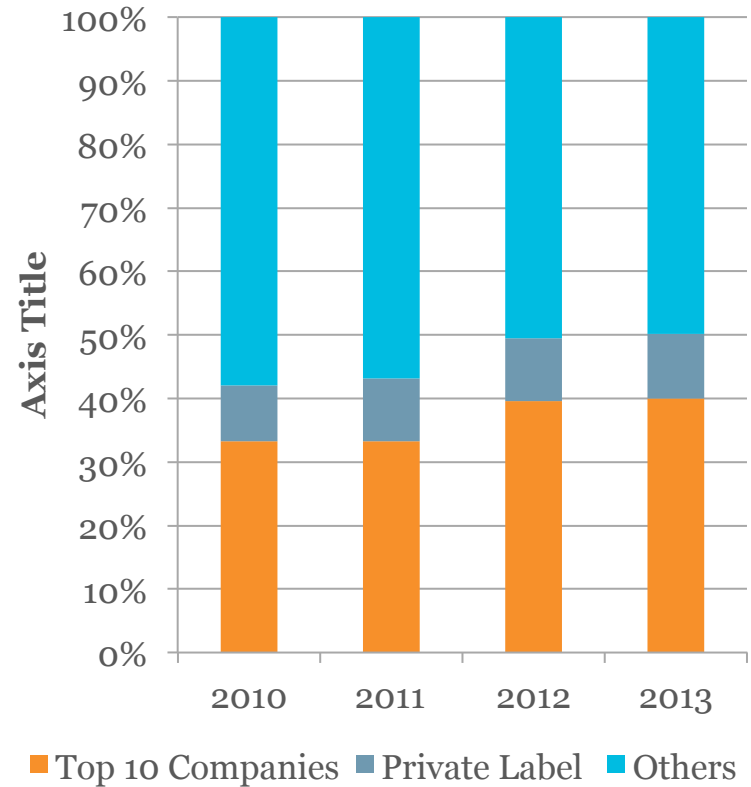


Moderately Consolidated but Private Label Dominated Europe

Western Europe Pasta Competitive Landscape 2010-2013



Eastern Europe Pasta Competitive Landscape 2010-2013



STILL UNSTABLE MARKET ENVIRONMENT

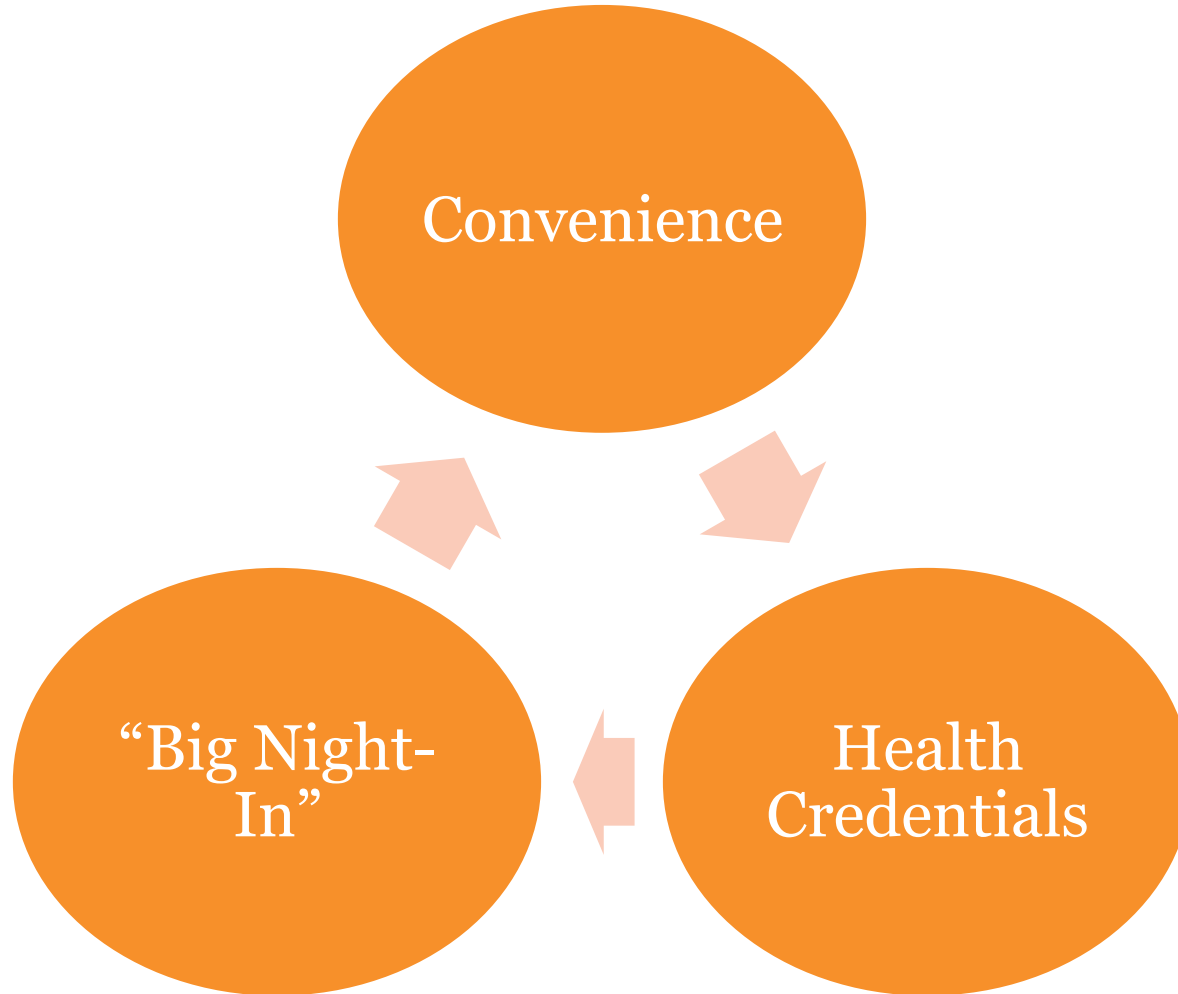
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KEY TAKEAWAYS

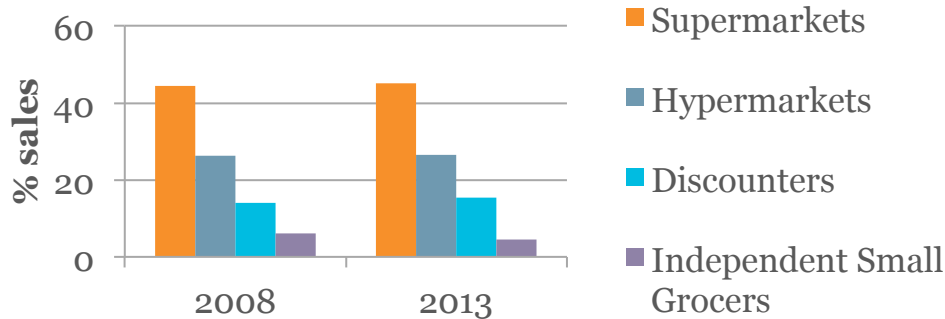


Pasta Opportunities in the Gloomy Economy

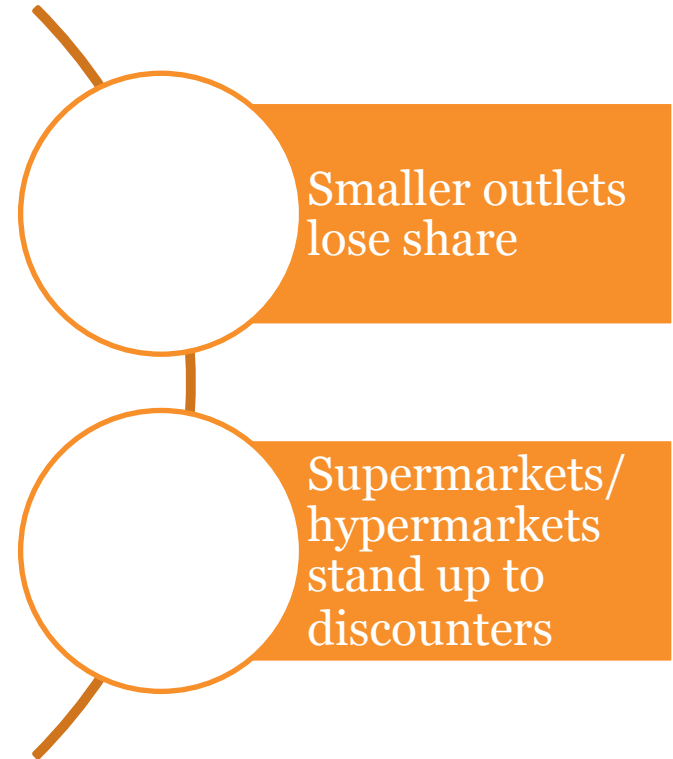
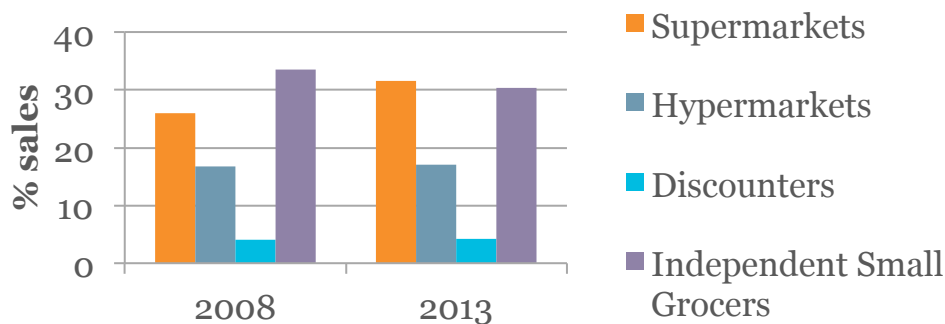


Time Scarcity Drives Need for Convenient Shopping

Western Europe: Pasta Distribution Channel Breakdown – 2008/2013



Eastern Europe: Pasta Distribution Channel Breakdown – 2008/2013



Pasta Meals: Convenient Cooking - Preparation



Pasta dish promotions



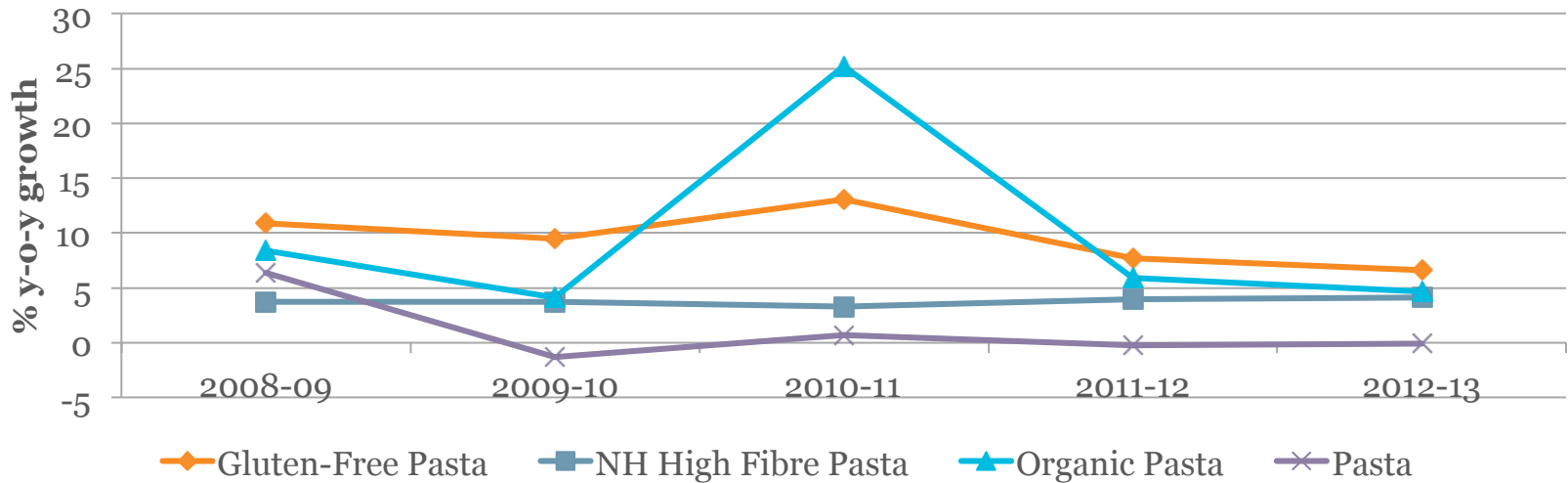
Cooking time promoted front of package



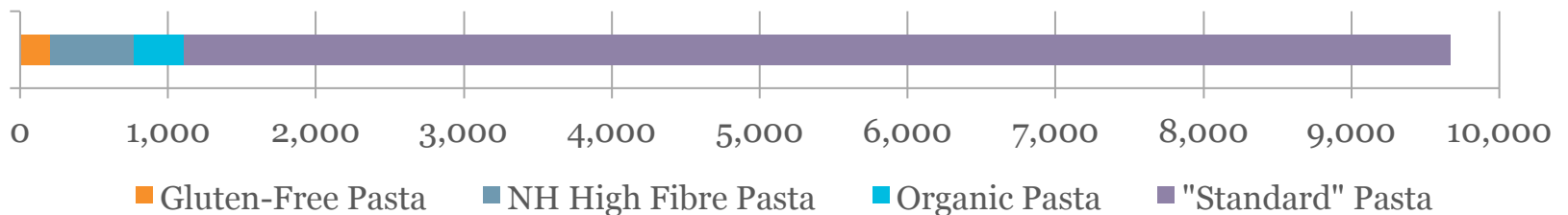
Single portion – on-the-go consumption

Premium Price of Healthy Pasta Offers Dynamic Growth – but on Small Scale

Western Europe: Pasta Growth Performance by HW Category 2009-2013

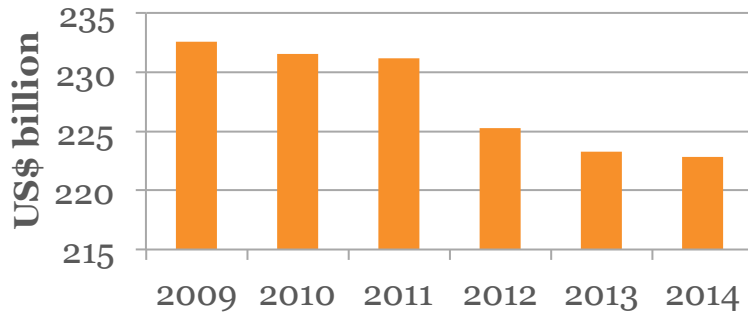


Western Europe: Pasta Retail Value Sales by Category - 2013

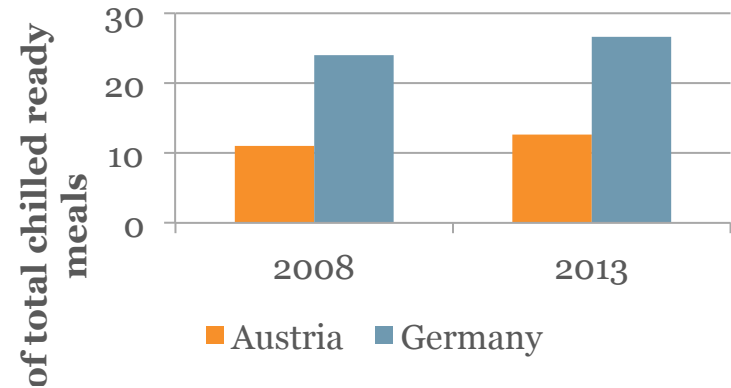


Dried Pasta Eating into Share of Foodservice

Western Europe: Total Retail Value Sales through Full-Service Restaurants 2009-2014



% Italian Chilled Ready Meal – 2008-2013



- Challenging economy underpins home cooking trend
- Italian cuisine grows in popularity

Chilled Formats Thrive on Quality and Price in Germany

Natural ingredients

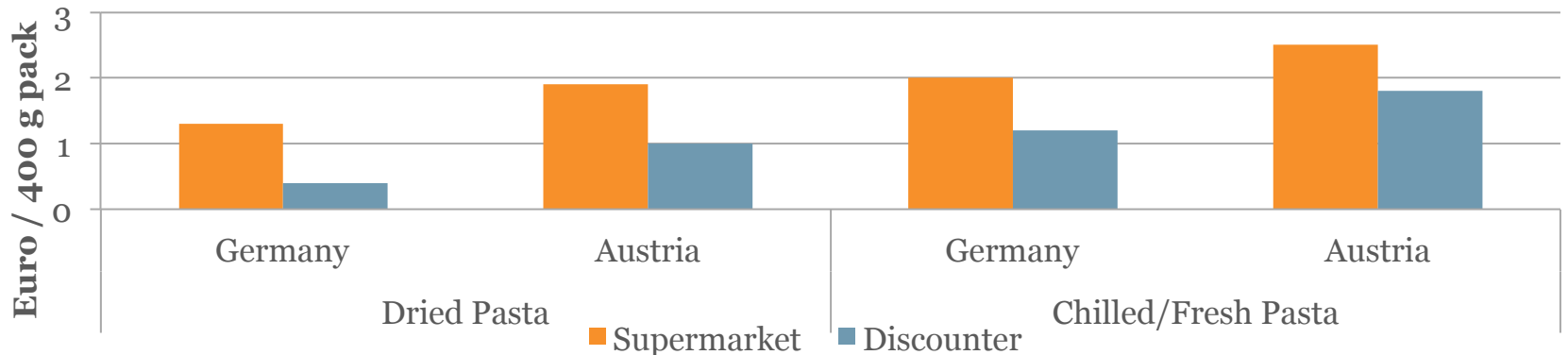
Variety of vegetable fillings

No preservatives

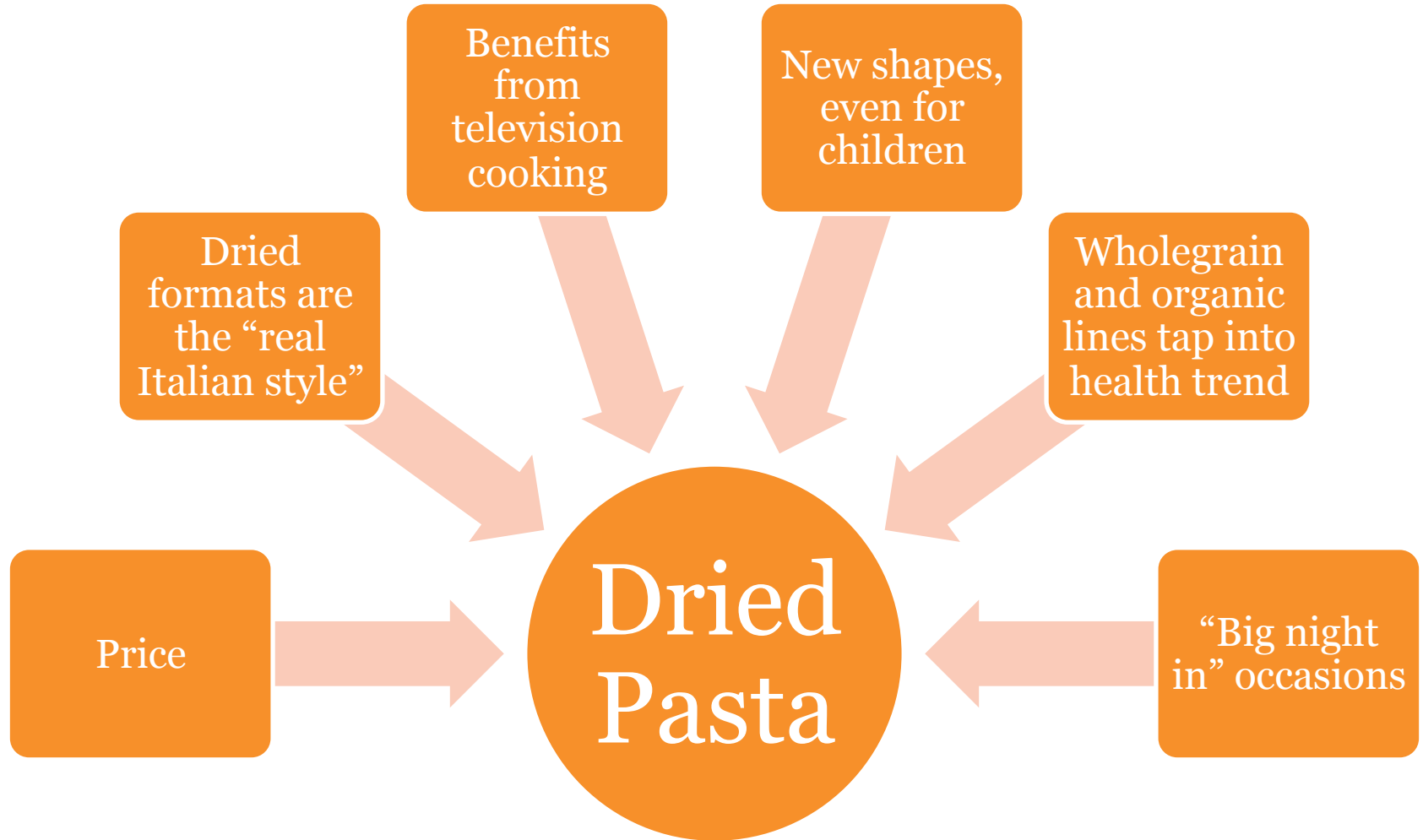


Variety of Retail Formats

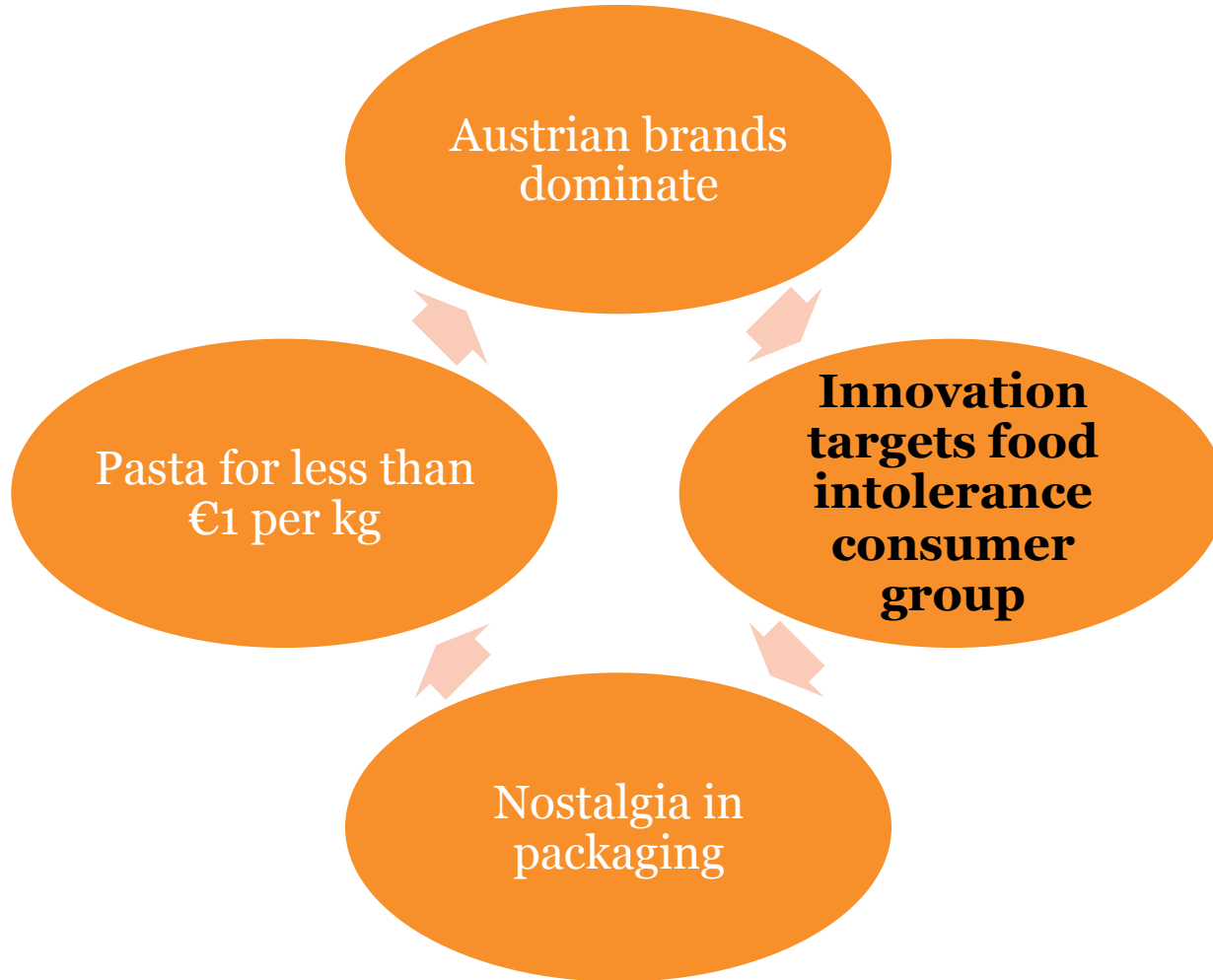
Dried vs Chilled/Fresh Pasta Unit Prices through Supermarket vs Discounter - 2013



Dried pasta outperformed chilled/fresh formats in the UK

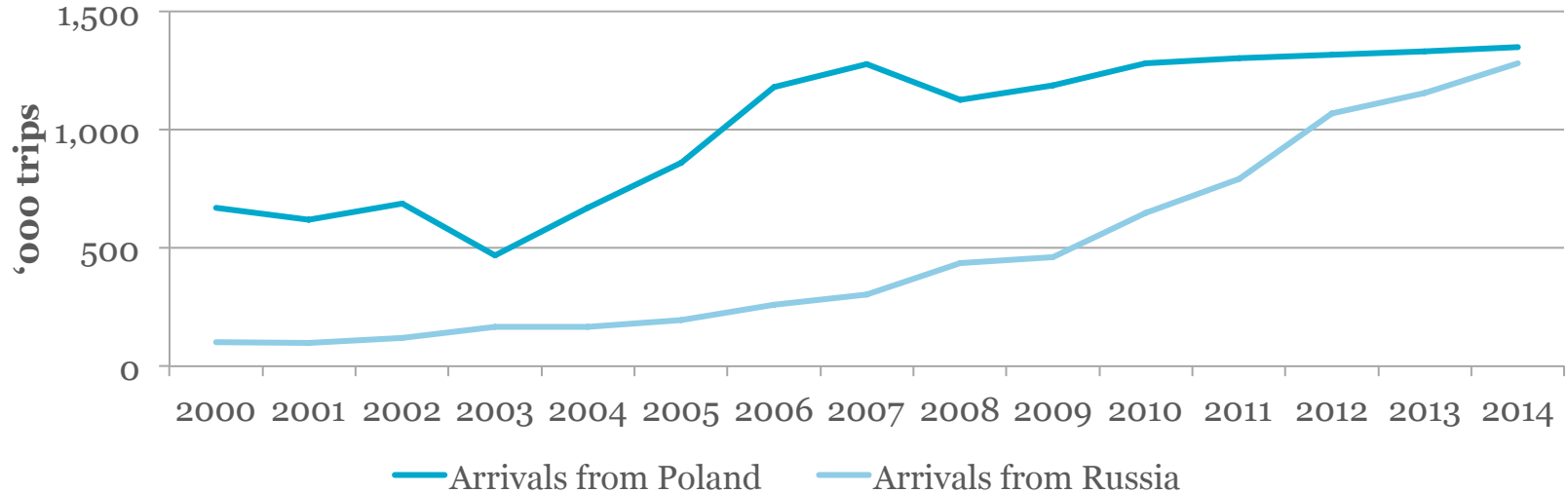


Strongest Western European Growth for Pasta - the Austrian Way



Increased Travel to Italy Inspires Eastern European Pasta Sales

Tourism Arrivals from Eastern Europe in Italy 2000-2014

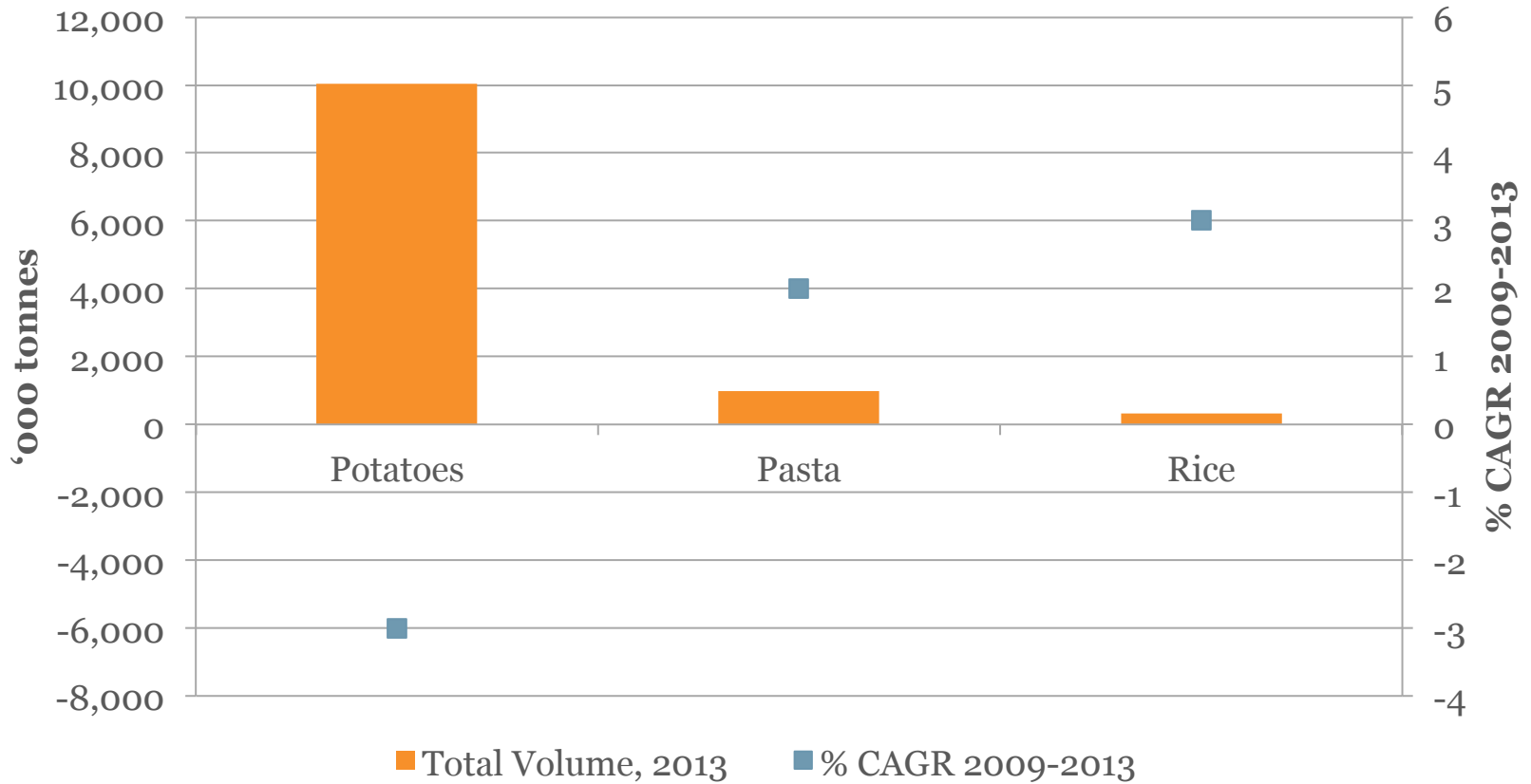


Travelling to Italy is expected to increase significantly because of safety concerns in competitor markets like Egypt and Tunisia.

Italian-travelled consumers in Eastern Europe are more receptive to pasta offerings than the rest of the population.

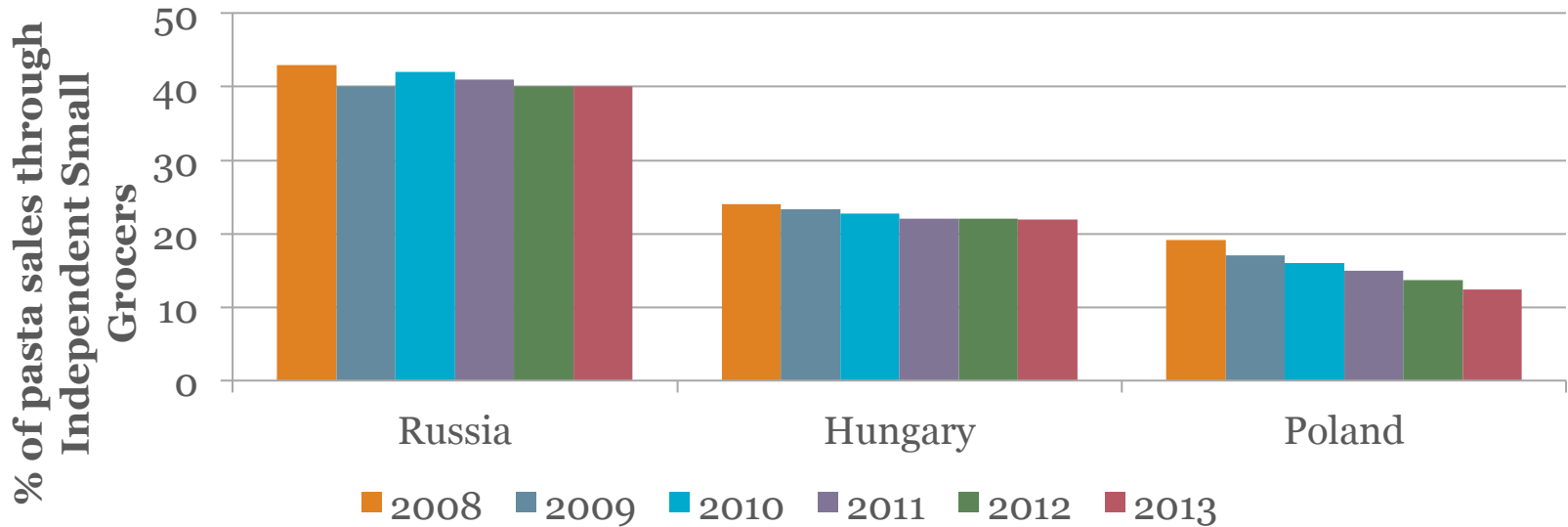
Russia: Pasta Dynamically Growing Source of Carbohydrate

**Pasta Versus Rice and Potato in Russia.
Retail Volume Growth – 2009-2013**



Eastern Europe: Expansion In Independent Groceries a challenge

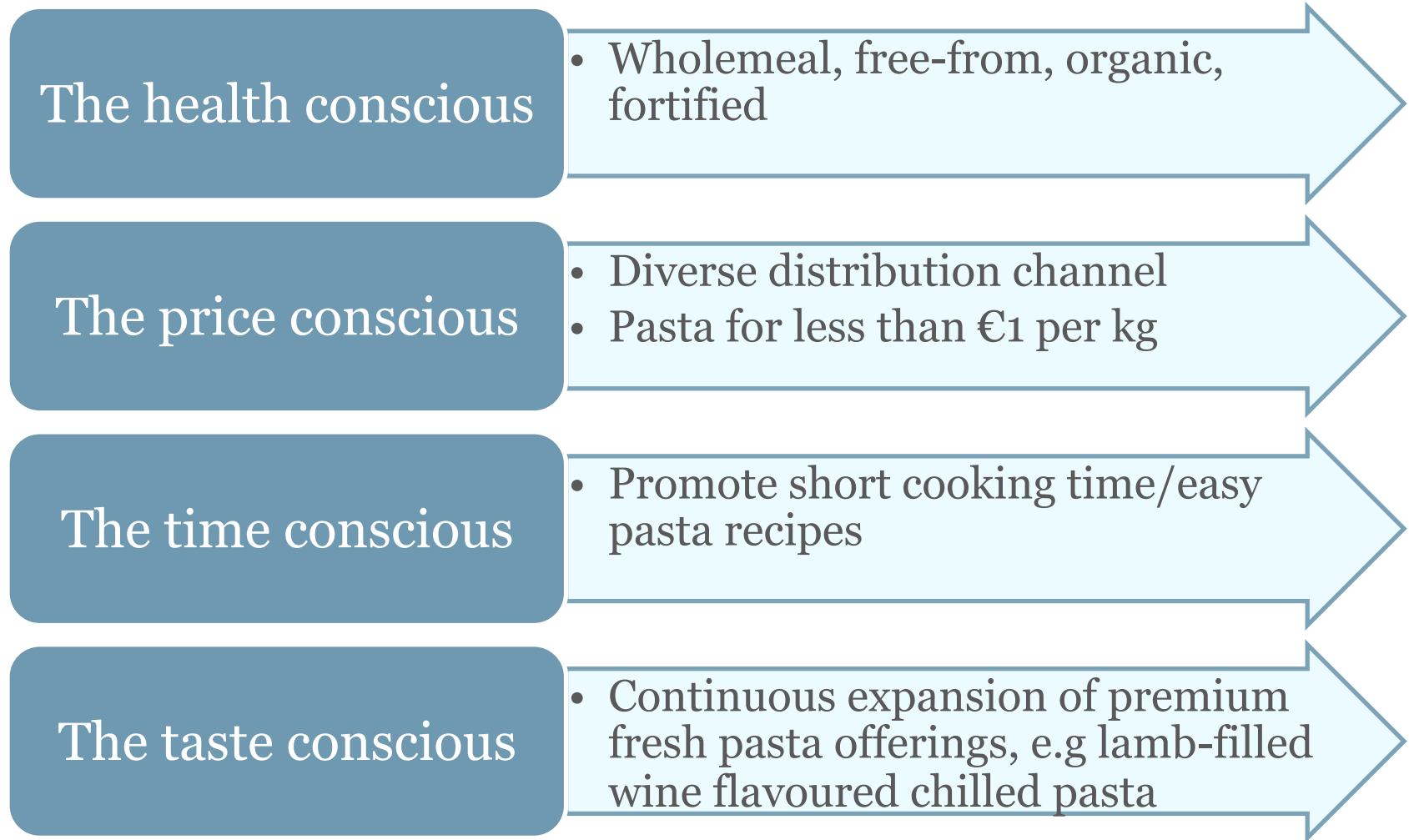
Pasta Sales Through Independent Small Grocers – 2008-2013



Consumers continue to be quite price sensitive and trade down to side dish staples during periods of economic duress

Low, competitive price at independent groceries is necessary

Europe: Producers Target Wider Consumer Range



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ADDING VALUE TO PASTA

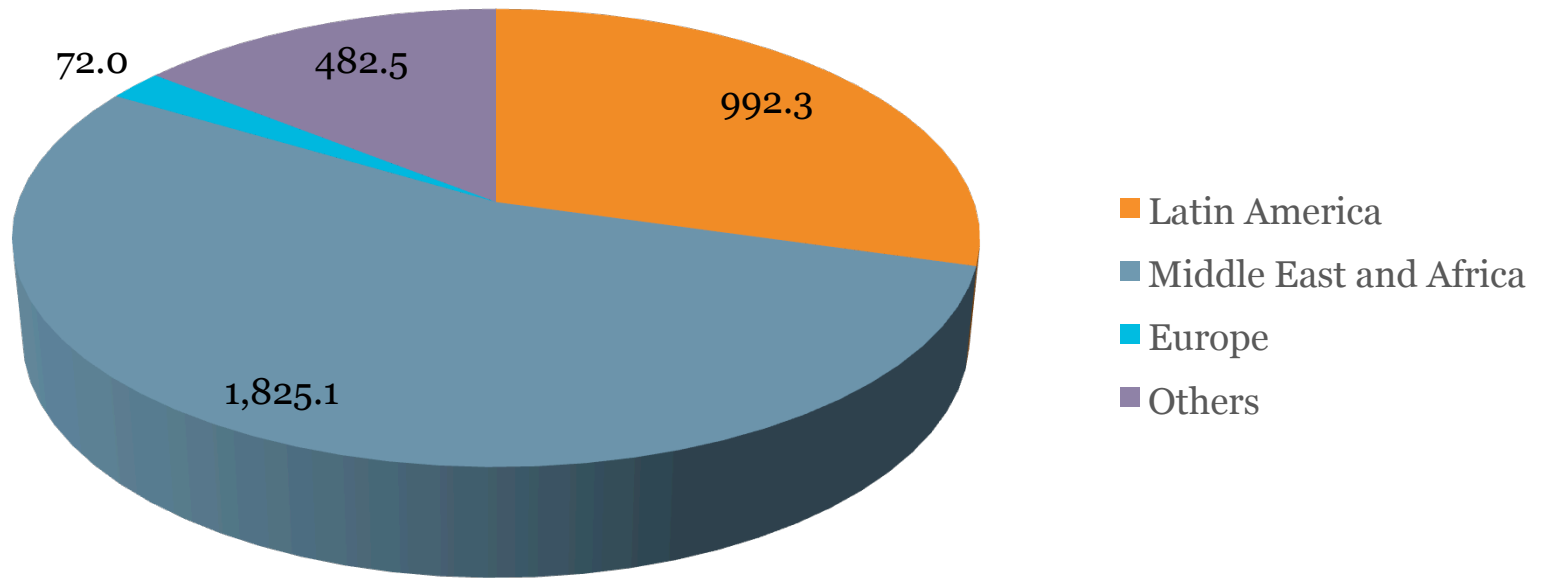
LESSONS FROM BEYOND EUROPE

KEY TAKEAWAYS



Middle East and Africa & Latin America Drive Global Growth

Absolute Market Value Growth by Region
 – 2013/2018 - US\$ mn rsp



Versatility and Adaptability the Key to Success

Latin America

Proven specially popular among less affluent consumers.

Mexico

Versatility is a key driver of sales in the Mexican market.

Pasta Beyond Europe

Middle East & Africa

Adoptable to a variety of traditional cuisine with sauces and fillings

Iran

Diversification of products on store shelves & withdrawal of bread subsidies

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Winning Strategies in Europe





THANK YOU FOR LISTENING

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