

Foodservice Market Update

December 2012

Market Overview — Year ending September 2012

- In the year ending (YE) September 2012 the total out-of-home (OOH) market was worth £49.5 billion, up 0.7% from last year.
- OOH traffic levels are similar to last year (+0.2%). Growth has been seen particularly at weekends and from under 18s. Traffic visits on deals and promotions has also increased year-on-year, helping to drive the average price per item down 1.6%.



Quarterly Review — OOH Channels

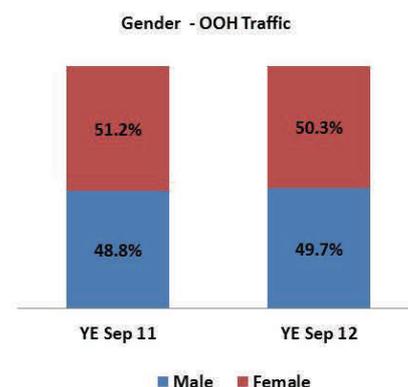
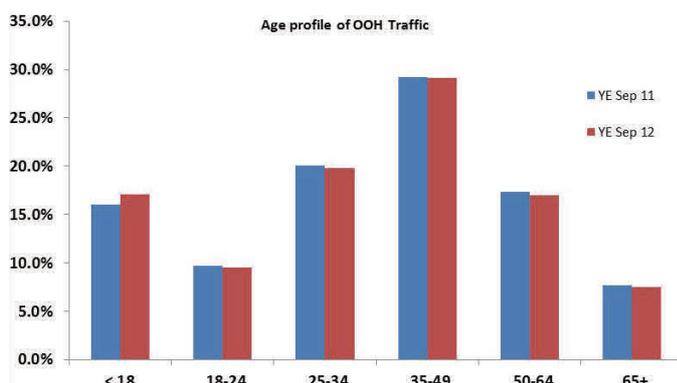
- Quick Service Restaurants (QSR) saw increases in traffic levels of 1.0% compared to last year and was the only channel to show growth. In the year ending September 2012, sales through QSRs grew 2.3%, driven by growth in traffic and increases in average spend. Average total spend stands at £3.50, with an average of 2.2 items bought. Weekend traffic has increased 3.6% since last year, while weekday visits are almost flat during the same period. The main meal occasion seeing growth is still breakfast, up 8.7% YOY, although snack occasions have also seen growth (+3.1%).
- Pubs continue to see a decline in traffic both in the latest quarter and over the last 52 weeks, although some chains have bucked this trend. The growth is being driven by weekend traffic (+0.6%), while weekday traffic continues to see decline. Burgers continue to post large servings gains (+10.7%), but the largest servings growth over the last 12 months comes from fish, which has seen servings increase 13.9% since last year.
- Full Service Restaurants (FSR) shows no sign of turning around the declines in traffic seen over the last two years. However,

an increase in the average price per item (+3.5%) means that declines in sales have slowed slightly, with sales now -0.7% down compared to last year. Breakfast has been the only bright spot for FSRs, with an extra 16.4 million visits compared to last year at this meal part. However, this growth was not large enough to compensate for the declines seen at other meals.

- Although figures for the Travel and Leisure channel for the last 12 months are down vs. last year, figures for the latest quarter are more positive, with visits up 0.8% compared to the same period a year ago. The latest traffic growth can again be attributed to visits at weekends, at breakfast time and visits on deals or promotions.
- For the workplace, the latest quarter figures show traffic levels are similar to last year. However, year-ending traffic and sales are down. Deals in the workplace increased 9.6%, helping to raise the average number of items bought. However, the percentage of meals bought on deals is still below the industry average of 27%.

FOODSERVICE CHANNELS	SHARE OF TRAFFIC YE SEPTEMBER 2011/12		TRAFFIC CHANGE % YOY (+/-)				
	2011	2012	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
QUICK SERVICE RESTAURANTS	50.4	50.8	+0.3	+0.9	+1.0	+0.9	+1.2
PUBS	11.1	11.1	-1.2	-0.3	+0.2	-1.2	-0.7
FULL SERVICE RESTAURANTS	10.8	10.5	-2.1	-1.3	-1.2	-2.0	-2.8
TRAVEL & LEISURE	10.8	10.8	-1.7	-1.3	-1.1	-0.4	+0.8
WORKPLACE	14.3	14.0	-1.9	-0.1	-0.5	-5.4	-0.1

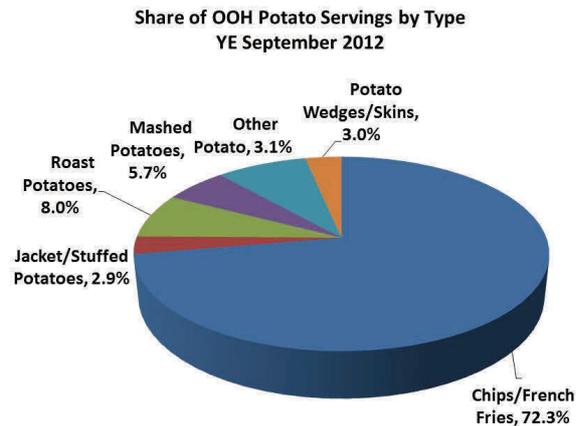
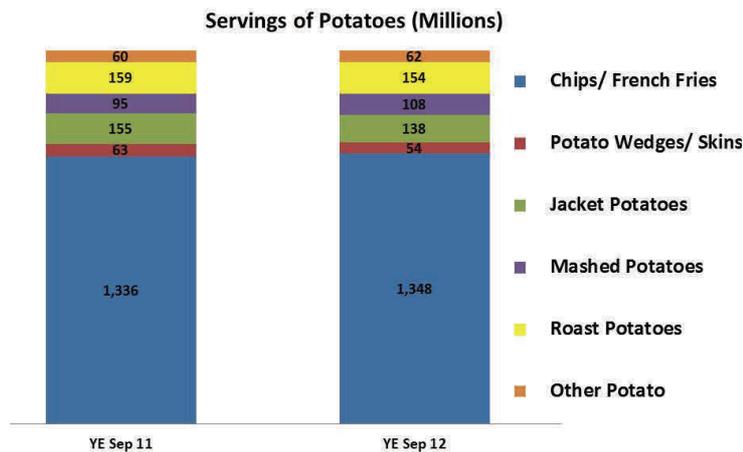
- The majority of OOH traffic (29.1%) is from those aged 35-49. However, the only age group to show YOY growth is those under 18. OOH visits by males have increased by 1.9% compared to last year, while visits from females have actually declined year-on-year.



Data Source: NPD Crest Q3 - Year ending September 2012, GB Only

Potato Consumption - Orders and Servings

This section refers to OOH servings that contain a particular product.



- In the year ending September 2012, there were 1.86 billion potato servings OOH. The majority of these were chips which now account for 72.3% of all OOH potato servings. Most potato servings are eaten at QSRs (49.6%) and 61.8% of chips are served in QSRs. Chips have seen growth over the last year, with servings up 0.9% compared to last year. Within QSRs, this growth increases to 3.9%, while in pubs chip servings are actually in decline (-5.0%).
- Servings of mashed potato continue to see growth, with servings up 13.7% vs. last year, equivalent to an extra 13 million servings. This growth has been mainly driven by pubs, where servings are up 28.9%. FSRs have also recorded growth. Mashed potatoes account for 5.8% of total OOH

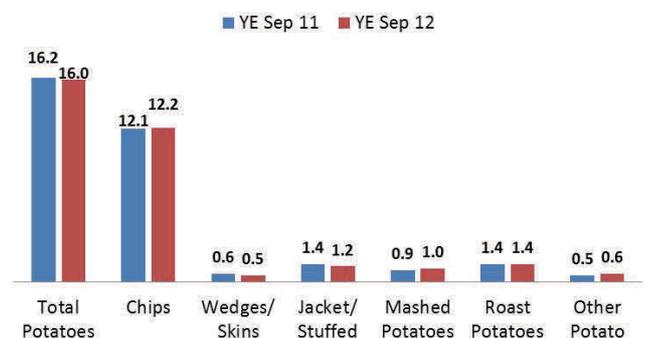
potato servings. Mash is most likely to be chosen by females, particularly in FSRs.

- Jacket potato servings are down 11.0% compared to last year. The main channels for jacket potatoes (the Workplace and QSRs) have seen YOY declines. Servings through pubs have also declined, however, servings through travel and leisure have increased.
- There were 154 million roast potato servings over the last 12 months, a 3.2% decline compared to last year. Roast potatoes make up 8.3% of all OOH potato servings. The majority (52.1%) of roast potatoes are served at pubs. The decline in servings has been driven by declines at FSR and in Travel and Leisure channels.

Potato Consumption - Incidence

- Potatoes featured in 16.0% of OOH meal orders over the last 52 weeks, which is down slightly from last year. This is despite the increased incidence of potatoes in the QSR channel, which has increased to 16.2%.
- 12.2% of OOH meals contained chips in the last year. Chips are still the most popular item to be eaten OOH. The incidence of chips in QSRs has also increased.
- Mashed potatoes are now eaten with 1.0% of all OOH meals. This is up from last year, with the growth mainly being attributed to pubs, where incidence has increased to 4.3%.
- The incidence of roast potatoes has stayed similar to last year for total OOH. This is also true for pubs, where 6.6% of meals are served with roast potatoes.

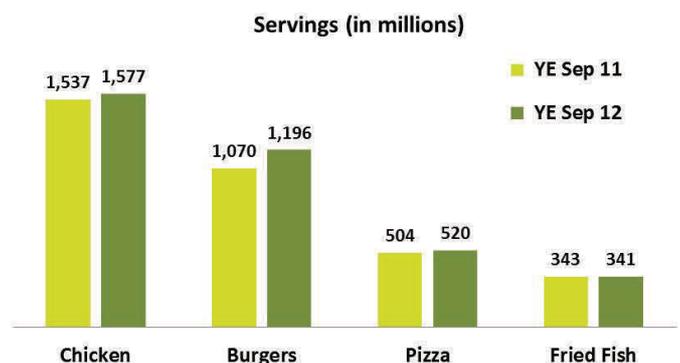
Total Out-of-Home - Incidence (% of Orders Including)



*Incidence rate refers to the percentage of orders that contain that specific food

Potato - Complementary Products

- Almost a third of potatoes are served with meat or poultry main dishes OOH. Within the pub channel, 42.0% of potatoes are served with meat main dishes (including poultry). 41.6% of burgers OOH (which have seen YOY growth) are served with chips. Potatoes are also served with other carbohydrate dishes out of the home, with 2.0% of potato orders being served with pasta and 3.5% served with pizza. In these cases the majority of the servings are chips.
- The chart on the right shows the performance of key foods that are often served with potatoes. Chicken continues to do well, as people opt for cheaper meats. Burgers have also seen strong growth, which has mainly been driven by the QSR channel.



Data Source: NPD Crest Q3 - Year ending Sep 2012, GB only