Prepared by AHDB Market Intelligence

Potato Retail Report—December 2011

(Data to 27 Nov 2011)

Market Summary

52 w/e 27 Nov 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	1,059,043	+3.1	1,655,134	-1.2
Pre-packed	934,211	+4.8	1,559,936	-0.8
Loose	124,833	-7.7	95,198	-7.1
Total Organic	16,666	-17.5	18,395	-22.2
TOTAL FROZEN	582,290	+8.5	474,901	+0.3
Frozen Chips	379,061	+13.0	336,881	+2.3
Frozen Potato Products	203,229	+1.1	138,020	-4.2
CHILLED Potatoes	180,502	+10.0	52,713	+8.3
CANNED Potatoes	10,922	-6.0	15,154	-4.9
CRISPS	873,118	+9.2	136,301	+1.5
SAVOURY SNACKS	793,257	+6.1	114,707	-0.7
RECON. & CONV.	23,849	-5.0	12,253	-7.4

12 w/e 27 Nov 2011				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tns)	% Chg YOY
TOTAL FRESH	223,645	-1.4	381,480	-0.2
Pre-packed	201,389	+0.8	361,320	+0.2
Loose	22,256	-17.7	20,160	-6.5
Total Organic	3,321	-35.8	3,866	-42.8
TOTAL FROZEN	139,671	+11.5	109,857	-1.4
Frozen Chips	91,423	+16.1	77,802	-0.4
Frozen Potato Products	48,248	+3.5	32,055	-4.0
CHILLED Potatoes	43,169	+11.3	12,432	+6.4
CANNED Potatoes	2,545	+3.6	3,636	+12.2
CRISPS	205,272	+10.0	31,012	+1.9
SAVOURY SNACKS	198,361	+7.8	28,082	-0.5
RECON. & CONV.	5,856	-3.4	2,871	-8.0

FRESH

- Looking at the 52-week period ending 27 November 2011, we can see that volume sales of fresh potatoes declined by 1.2% YOY. Value sales remain positive with growth of 3.1%, a slight slowdown vs. the previous period. Pre-pack value sales are driving growth in the overall market with an increase of 4.8% YOY. In terms of volumes, sales are down for both Loose and Pre-pack. Organic potatoes continue to see double-digit declines in terms of both volume and value.
- After the slight volume increase seen in the previous period, in the latest quarter we have a decline in both volumes and value. Volumes are seeing only a slight YOY decline whereas value decline has accelerated. Pre-pack sales continue to see growth vs. the same period last year, however, the continued decline in Loose will have fuelled the overall market decline.

FROZEN

- Value growth in the Frozen market continues to be strong at +8.5% for the latest 52-week period, volumes also saw a YOY uplift. Chips continue to perform well, driving overall growth with value growth also coming from other Frozen Potato Products.
- Looking at the latest 12-week period, the picture looks different with volumes declining vs. the same period last year. Overall, the Frozen market is down by 1.4% with Frozen Chips down slightly by 0.4% and Frozen Potato Products seeing a more significant 4% decline. In contrast, value sales are in growth across the board.

CHILLED POTATOES

- Once again Chilled potatoes is one of the strongest growth categories in the potato market. In the latest 52-week period, value sales saw a 10% increase with volumes up by 8.3% YOY. The quarter also looks positive for Chilled with value up by 11.3% YOY and a volume increase of 6.4%.

CRISPS AND SAVOURY SNACKS

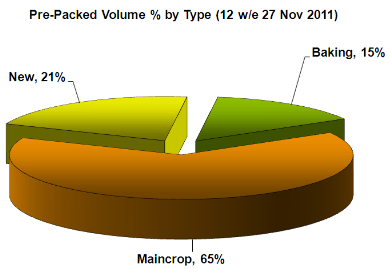
- In the latest year, the crisp category continues to see a strong performance in terms of value with sales up by 9.2%. Volumes are also up but to a lesser extent at 1.5% growth. This trend has continued over the last 12-week period.
- Savoury snacks are also doing well in terms of value in both the latest year and the most recent 12-week period. However, volume sales continue to be down YOY although the decline has slowed.

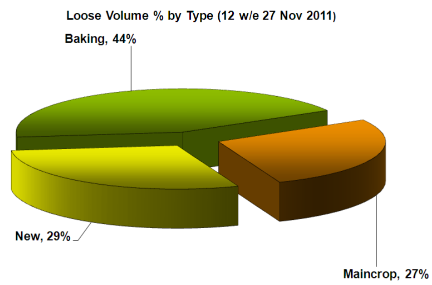
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- In the latest year, the Canned and Reconstitutable and Convenience categories continue to see both volume and value sales decline YOY. In the latest quarter, the picture is more positive for Canned with volume growth of 12.2% and value sales up by 3.6%. In contrast, Reconstitutable and Convenience continued to see a volume and value sales decline.

PRE-PACK VS. LOOSE

- Looking at changes in the type of potato being sold, in the latest quarter Pre-packed New has seen its share of trade continue to decline as Baking and Maincrop see their share increase. New is also losing share in Loose with Maincrop gaining share.





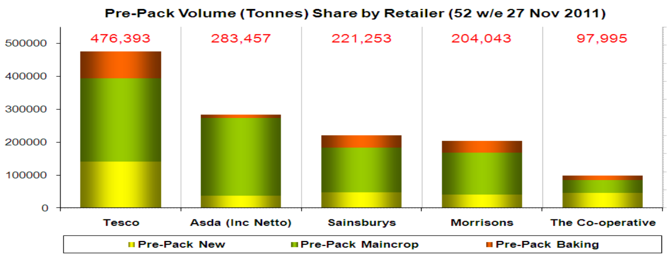
Pre-packed and Variety

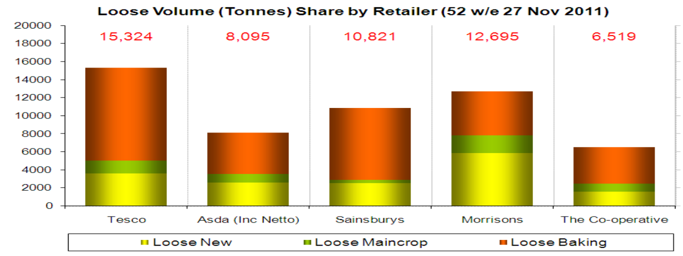
Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 27 Nov 2011	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	10,519	+42.3	7,878	+14.6	29,373	-9.8	17,202	-19.9	157,996	+0.4
Volume (Tonnes)	27,950	+44.8	14,364	+26.3	50,996	-14.3	26,071	-26.3	261,049	+2.6

- The trend continues in terms of variety with both Economy and King Edward potatoes seeing strong value and volume growth in the latest quarter in contrast to a YOY decline in sales of Maris Piper.
- Reds continue to see a double-digit sales decline in terms of both volume and value as Whites saw growth. The growth in Whites has slowed compared to the previous period.

Data Source: KANTAR Worldpanel 52 & 12 w/e 27 November 2011

Retailer Performance - Fresh Potatoes





TESCO:

- Almost a third of Fresh Potato sales are currently via Tesco as the retailer holds a 29.7% volume share with value share slightly lower at 28.5%. Tesco's volume sales saw growth ahead of the market at +2% YOY while value sales also grew ahead of the market at 4.1%.
- Share of pre-packed stands at 30.6% in terms of volume and 30% in terms of value. Volume sales have grown by 2.8% while value sales have grown by 6.6% YOY driven by Maincrop and Baking. Tesco has a 16.1% volume share of the loose market and 17% in terms of value. Loose volumes have declined YOY by 18.1% with value down by 20.7% driven by New and Baking.

ASDA (inc. Netto):

- Asda (inc. Netto) continues to maintain a volume share of 17.6% and value share of 15.7%. Total value sales for the retailer have seen growth of 4% YOY vs. a decline of 1.8% in terms of volume.
- Pre-packed volume share currently stands at 18.2% and 16.6% in terms of value. Pre-pack volumes are down by 1.6% YOY in Asda, while value sales have increased by 5%. Value sales have improved YOY across New, Maincrop and Baking.
- Asda has a 8.5% volume share of the loose market and 9% in terms of value. Loose sales continue to decline overall driven by Maincrop and Baking.

SAINSBURY'S:

- In the latest 52-week period, Sainsbury's continues to hold a 14% volume share of the fresh potato market with value share at 15.2%. Volumes have declined in the retailer by 2.4% YOY with value sales down by 0.7%.
- Sainsbury's has a 14.2% volume share of Pre-pack and a 15.6% value share. Pre-pack volume sales are down by 1.6% YOY driven by New and Baking while value sales saw growth of 1.3% YOY. In terms of Loose, volume share is 11.4% with value share of 12.1%. Loose sales were down by 16.2% and 16% respectively in terms of volume and value sales.

MORRISONS:

- Morrisons has a 13.1% volume share of the Fresh Potato market and a value share of 12.4%. Their volumes sales are up by 2.6% YOY with value sales up by 3.2%. Like Tesco, the retailer is growing ahead of the market in terms of both volume and value.
- Volume pre-pack share for Morrisons stands at 13.1% with sales up by 3.6% YOY. In terms of value, share stands at 12.2% with sales up by 5.5% YOY. Morrisons remains the second largest retailer in terms of loose with a 13.3% volume share (-11.1% YOY) with value share of 14.2% (-9.4% YOY). As in Tesco, Loose Maincrop sales have increased YOY.

CO-OPERATIVE:

- The Co-operative currently has a 6.3% volume share and a 7% value share of the market. Volumes are down by 14.4% YOY with value down by 7.8%.
- Retailer volume share of Pre-pack is 6.3% (-14.2% YOY), with value share of 6.8% (-7.2% YOY). The decline in pre-pack sales is across New, Maincrop and Baking. Looking at loose sales, volume share is 6.8% (-16.2% YOY) with value share at 8.4% (-11.3%). As in Tesco and Morrison, Loose Maincrop sales are in growth.

OTHER:

- Waitrose continues to see a strong performance in terms of both volume and value sales. Marks & Spencer is also seeing value growth, however, volumes are down once again. The discounters, Aldi and Lidl both saw strong value growth with Aldi continuing to see double-digit volume declines YOY. Iceland is also seeing a decline in volumes but strong value growth. Unlike the rest of the market, the independents are losing out in terms of value but volume growth is strong.

52 w/e 27 Nov 2011	Waitrose		Marks & Spencer		Aldi		Lidl		Iceland		Tot. Independents		All Others	
	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%	Total	Chg%
Value (£000s)	48,812	+6.1	33,015	+3.1	33,960	+10.6	29,943	+36.6	10,867	+7.1	6,980	-2.6	60,760	+2.7
Volume (Tonnes)	50,084	+5.9	27,549	-1.7	63,601	-29.8	63,781	+20.7	22,456	-2.7	9,188	+4.6	81,694	+10.4

Consumer Update — Fresh Potatoes

- Tesco, the retailer with the largest market share of fresh potatoes, has had a strong year with 63.5% of households buying fresh potatoes in their stores at some point over the year with their average buyer purchasing 30.4kg of potatoes and spending an average of 61p per kg for them. All of these figures have also increased vs. the previous year.
- Morrisons and Lidl have also had a strong year in terms of their consumer with increases across household penetration, average purchase weight and price. Marks and Spencer and Waitrose have also seen their penetration increase.
- Of the top 4 retailers, Asda and Sainsbury's have not increased the percentage of households that shop in their stores or the amount that their shoppers buy. Prices, however, have increased in both stores.

TESCO 63.5% of households 30.4kg per buyer 61p per kg paid	**ASDA** 45.5% of households 25.2kg per buyer 57p per kg paid	**SAINSBURY'S** 41.1% of households 22.2kg per buyer 69p per kg paid	**MORRISONS** 39.4% of households 21.6kg per buyer 61p per kg paid	**THE CO-OPERATIVE** 21.1% of households 19.4kg per buyer 71p per kg paid
LIDL 17.3% of households 14.5kg per buyer 47p per kg paid	**ALDI** 15.3% of households 16.3kg per buyer 53p per kg paid	**WAITROSE** 9.1% of households 21.5kg per buyer 97p per kg paid	**MARKS & SPENCER** 10.3% of households 10.5kg per buyer 1.20p per kg paid	**ICELAND** 7.9% of households 11.2kg per buyer 48p per kg paid

* Text highlighted in green indicates a YOY increase.

What's been in the News?

Tyrrells to enter China
The Grocer — 3 December 2011
Tyrrells, the upmarket crisp manufacturer, has signed a distribution deal with Sinodis, an importer and distributor of fine food to China, to enter the Chinese market. Tyrrells will target ex-pats and affluent locals in Beijing and Shanghai who are prepared to pay £3 for a 150g bag, compared to £1.89 in the UK.

99p Stores launching fresh meat and veg range
The Grocer —10 December 2011
Encouraged by the success of its frozen food trials, 99p Stores is introducing fresh meat and vegetables to its range. Fresh chicken and pork will go into the fixed-price discounter in 260g packs, followed by root vegetables, including potatoes. All lines will sell for 99p.

Tesco introduce boxed potatoes
The Grocer — 10 December 2011
Tesco is introducing boxed potatoes under its Finest range in an effort to offer shoppers a premium roasting potato for Christmas. Mayan Gold potatoes, which they say have a smooth texture, buttery flavour and a thin skin that crisps well when roasted, are sold in a 2kg box and retail at £3.