Prepared by AHDB Market Intelligence

Potato Retail Report - June 2012

(Data to 13 May 2012)

Market Summary

52 w/e 13 May 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
TOTAL FRESH	1,056,297	-6.0	1,639,869	-0.7
Pre-packed	863,112	-3.2	1,500,142	+0.7
Loose	193,185	-16.8	139,727	-13.7
Total Organic	14,385	-27.3	16,262	-27.3
TOTAL FROZEN	617,911	+14.0	476,511	+2.2
Frozen Chips	394,694	+14.7	333,754	+2.0
Frozen Potato Products	223,216	+12.9	142,757	+2.5
CHILLED Potatoes	190,171	+6.7	54,476	+4.7
CANNED Potatoes	10,939	-4.6	14,770	-3.0
CRISPS	886,271	+7.5	134,400	+0.2
SAVOURY SNACKS	812,104	+8.3	116,377	+4.1
RECON. & CONV.	24,428	+0.4	12,183	-5.5

12 w/e 13 May 2012				
Produce Type	Value (£000s)	% Chg YOY	Volume (Tonnes)	% Chg YOY
TOTAL FRESH	255,353	-7.2	393,061	+0.3
Pre-packed	209,788	-5.8	361,368	+1.4
Loose	45,565	-13.1	31,693	-11.2
Total Organic	3,382	-19.5	3,622	-19.9
TOTAL FROZEN	155,851	+17.2	117,633	+8.1
Frozen Chips	96,266	+11.8	81,181	+5.7
Frozen Potato Products	59,585	+27.1	36,452	+13.7
CHILLED Potatoes	46,596	+4.8	13,535	+2.5
CANNED Potatoes	2,576	-1.1	3,480	+0.3
CRISPS	214,194	+5.1	31,742	-1.5
SAVOURY SNACKS	186,925	+11.0	25,837	+7.1
RECON. & CONV.	5,794	+1.6	2,856	-5.0

FRESH

- After volume growth in the previous 12-week period, the latest quarter sees growth once again at +0.3%. Growth is being driven by pre-packed. The decline in value growth is predominantly driven by a 6% fall in average price paid per kg. The average price per kg in the latest quarter was 67p. Over the 52-week period we continue to see both value and volume declines.
- Looking at the latest year, both pre-packed and loose are driving the value decline at total market level with pre-packed seeing volume growth. Loose continues to see double -digit declines.
- Sales of Organic fresh potatoes continue to see double-digit declines with sales in the latest quarter representing under 1% of the total fresh market.

FROZEN

- The latest quarter produced strong results for total frozen potatoes with both frozen potato products and chips performing well. Chips represent just under 70% of frozen potato volume sales and continue to see double-digit growth. Frozen products in various product categories are also performing well, likely to be due, in part, to their convenience and that you are less likely to waste frozen food compared to fresh, making it cost-effective for tightened budgets.

CHILLED POTATOES

- Chilled potatoes continue to see growth in both the latest quarter and year. Convenience remains a key factor in the purchase decision of this product.

CRISPS & SAVOURY SNACKS

- In the latest quarter the sale of crisps declined in terms of volume, with value sales remaining positive. In contrast, over the same period, savoury snacks saw strong volume and value growth. Crisps remains the largest of the two categories selling 5,905 tonnes more than savoury snacks in the latest 12-week period. The upcoming sporting events are likely to have some influence on the snacking sector.

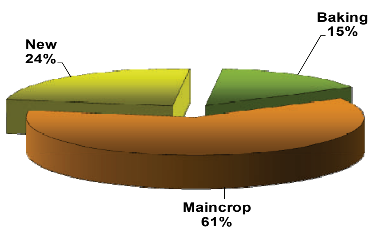
CANNED POTATOES + RECONSTITUTABLE AND CONVENIENCE

- After a strong quarter in the previous results, the latest quarter sees canned potato value sales decline. However, we do continue to see positive volume growth of 0.3%. These figures have not translated into the sales figures seen for the year with declines across the board.
- Once again, reconstitutable and convenience continue to see volumes decline YOY looking at both the results for the quarter and full year. Average price increases in this sector support value growth.

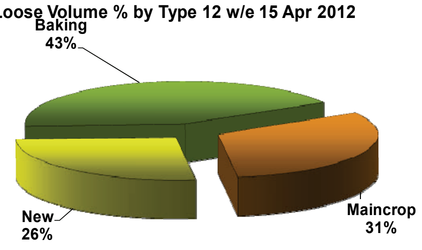
PRE-PACK VS. LOOSE
(12-week data)

- Pre-packed new continues to gain share as we make our way further into the season. This is at the expense of both maincrop and baking.
- As in pre-packed, loose new potatoes continue to gain volume share. New now accounts for 26% of loose volumes which is closing in on the 31% share maincrop occupies.

Pre-packed Volume % by Type 12 w/e 13 May 12



Loose Volume % by Type 12 w/e 15 Apr 2012



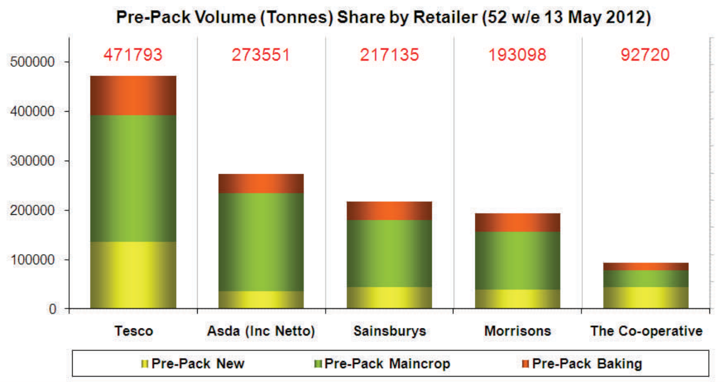
Pre-packed and Variety

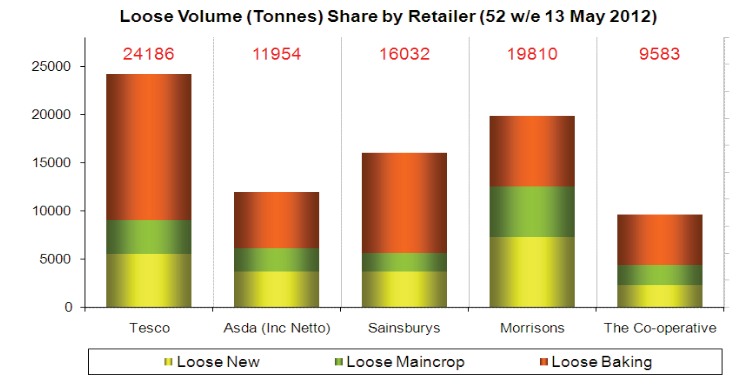
Pre-packed	Economy		King Edward		Maris Piper		Reds		Whites	
12 w/e 13 May 2012	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg	Actual	% Chg
Value (£000's)	9,715	+4.2	9,621	+0.9	23,618	-12.3	21,272	+16.5	138,638	-10.1
Volume (Tonnes)	26,253	+15.6	17,268	+10.9	33,317	-14.0	35,441	+31.9	234,060	-4.1

- In the latest period, economy and king Edward continue to perform well particularly in terms of volume growth. Value growth is behind that of volume growth as shoppers are paying less for their fresh potatoes. In contrast, Maris Piper price per kg has increased. Economy and King Edward have also increased their number of buyers.
- Reds are also benefitting from increased buyers and a decrease in average price which ties into an increase in the level of promotional activity seen for this sub-category. In the latest quarter, 50% of red volume sales have been on promotion.

Data Source: KANTAR Worldpanel 52 & 12 w/e 13 May 2012

Retailer Performance - Fresh Potatoes





TESCO:

- Tesco sales were down by 0.4% in terms of volume and by 6.5% in terms of value in the latest 52-week period. The volume decline is being driven by loose sales as pre-packed saw 1% growth in the latest period. Pre-pack growth was driven by increased volume sales of maincrop and baking.

ASDA (inc. Netto):

- Overall, Asda saw sales down YOY for both value and volume. Both new and baking pre-packed saw double-digit volume declines with a 3.9% growth in pre-pack maincrop limiting the overall decline in pre-pack sales to -2%.

SAINSBURY'S:

- Like Tesco and Asda, Sainsbury's value and volume sales of fresh potatoes have declined YOY. Like Asda, maincrop is the only pre-packed fresh potato to see volume sales increase over the period. However, value sales of maincrop have declined along with those of new and baking.

MORRISONS:

- Morrisons remains the only retailer to see a volume increase in sales of pre-packed new potatoes. This, along with an increase in pre-pack baking volumes, has driven overall volume growth of 0.6%. Value sales continue to decline for the retailer.
- While, like the other top 5 retailers, sales of loose have declined in Morrisons, the decline is to a lesser extent compared to the double-digit declines seen by the other retailers.

CO-OPERATIVE:

- The Co-operative saw value and volume sales down compared to the same period last year. The declines are across new, maincrop and baking for both pre-packed and loose potatoes.

OTHER:

- Both Waitrose and Marks & Spencer have seen volume and value sales down YOY. Lidl is now larger than both of these retailers in terms of volumes sold.
- The hard discounters, Iceland and independents are all seeing volume growth. Iceland and the discounters are also seeing strong value growth.

52 w/e 13 May 2012	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)	47,458	-6.6	29,872	-11.7	27,851	+7.7	32,003	+18.6	11,527	+7.2	9,550	-5.7	65,038	-4.5
Volume (Tonnes)	47,194	-2.5	25,478	-12.1	60,631	+6.6	71,388	+26.2	27,337	+24.1	9,602	+2.2	68,377	-1.1

Variety Update - Fresh Potatoes

2008			2012		
Rank	Variety	% Share	Rank	Variety	% Share
1	Estima	12.8	1	Estima	14.7
2	Maris Piper	11.5	2	Maris Piper	11.6
3	Cara	8.5	3	Roosters	5.1
4	King Edward	5.9	4	Cara	5.0
5	Desiree	3.3	5	King Edward	4.4
6	Charlotte	3.1	6	Marfona	3.8
7	Nicola	3.0	7	Charlotte	3.1
8	Saxon	2.9	8	Lady Balfour	2.4
9	Roosters	2.6	9	Osprey	2.3
10	Marfona	2.2	10	Maris Peer	2.2

- The table looks at share of sales by variety between 2008 and 2012.
- Looking at specific variety, Estima and Maris Piper are the no.1 and no.2 best selling variety and have maintained this status over the last 5 years.
- Estima, in particular, has seen strong share growth since 2008 currently accounting for 14.7% of volume sales in the fresh potato category.
- Below the top two positions in the market there has been much movement with the red 'Rooster' variety now the 3rd most popular ahead of Cara and King Edward.

What's been in the News?

Tesco is top fruit and veg promoter
The Grocer - 12 May 2012
The supermarkets have been upping their game promoting fruit and vegetables as healthy eating moves up the political agenda. Research by BrandView.co.uk reveals over the past two years, the number of deals on fresh fruit and vegetables in Tesco, Sainsbury's, Asda and Waitrose has increased 43%, to a total of 3,463 deals, despite the rising prices of fruit and vegetables.

Morrisons may target South East with online grocery site
Mintel - 28 May 2012
Morrisons is expected to launch its online food operation in the South East in late 2013.

Asda aims to double mobile sales
Mintel- 29 May 2012
Asda is aiming to double its sales through mobile in the next six months.

Tesco revamps ready meal range
Mintel, 25 May 2012
Tesco has unveiled a multi-million pound revamp of ready meals across all its ranges. Tesco is to revamp its ready meal ranges to improve quality and packaging, following a consultation with 1,000 customers.

Boots to launch new food range
Mintel, 18 May 2012
Boots is aiming to build food market share with the launch of a range of evening meals, and possibly even wine, later this year.

Tyrells set for international expansion
The Independent, 27 May 2012
Tyrells is set to expand in the US following a deal made with Royal Food, the snack distributor. The private-equity owned crisp brand expects international business to double in the next financial year, as they also expand into Russia and consider a move into India.