



# Summary of 2015

## Main Trends In The Israel Consumer Products Market

The data is based on **2,150 stores**  
in the organized market (Shufersal, Mega Retail, Co-Op Israel)  
and the private market (private chains, minimarkets, grocery stores and convenience stores)  
**Which transmit real-time sales data from cash registers to Storenext**  
and which represent **80%** of total sales in the barcoded FMCG market.  
The data does not include Pharmacies, Kiosks and the Arab sector.

On the basis of this data and using an advanced statistic model

**A statistic extrapolation is made for 100%**  
of the organized and private market in Israel.

# Main Trends

- ❖ **Two Years of stagnancy:** After 2014 has declined in sales, 2015 presents a moderate increase and the market returns to the sales level marked in 2013



- ❖ **The Price Index decreases:** StoreNext's Price Index marks two consecutive years of decrease, completing a drop of 2.1% compared to 2013



- ❖ **The stagnancy is composed of different trends:** Leading suppliers continue to weaken, the P.L strengthens and enters new categories, and the new items' contribution to sales rises



# Change in Sales and Price Indices

FMGC – 2015 compared to 2014



**-1.0%**

Change in SN Price Index



**+2.9%**

\* Real Change



**+1.8%**

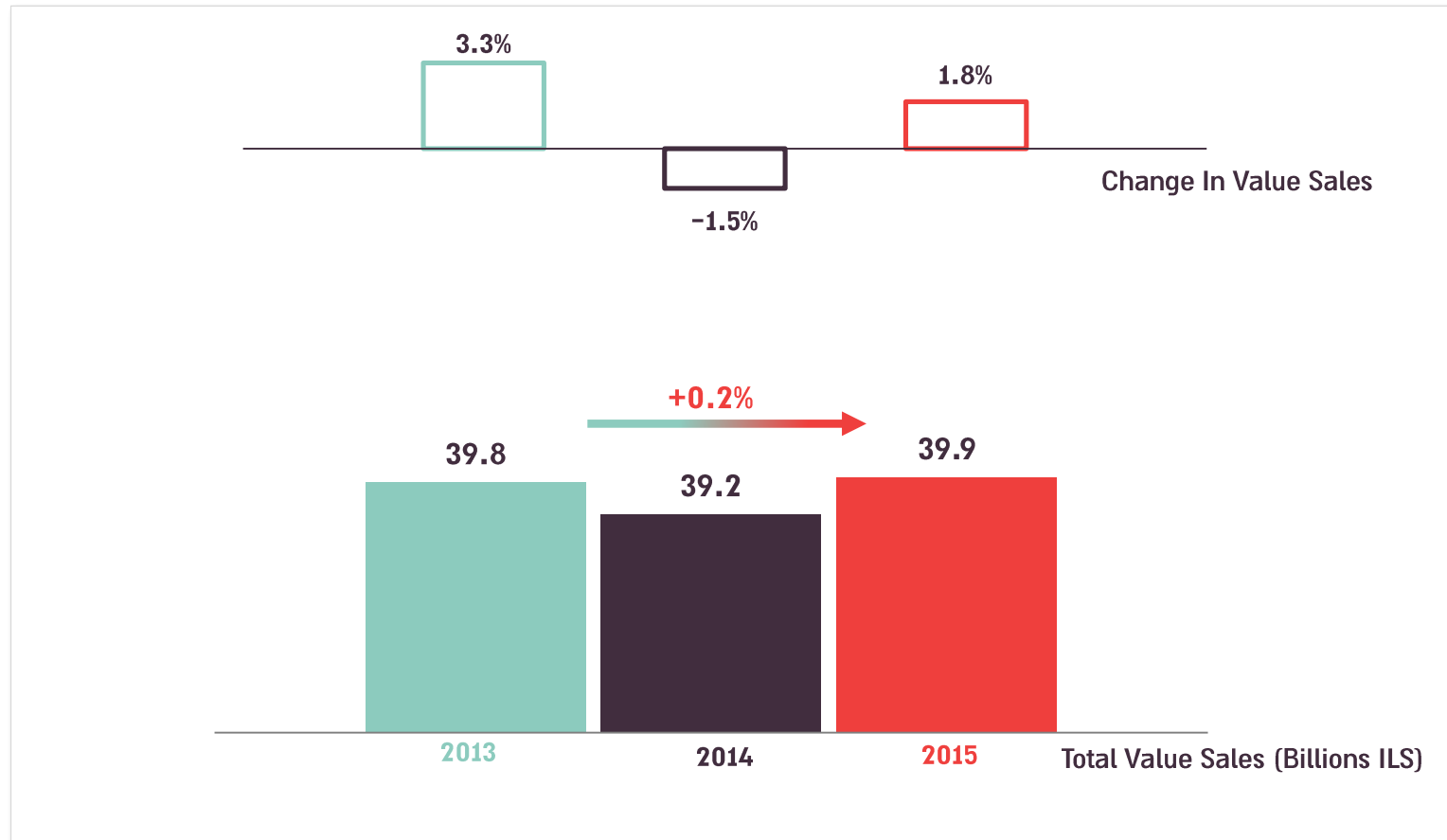
**+710 million NIS**

Change in Value Sales

\* Real Change – Value Sales growth deducted by the Change in Storenext Price Index (neutralized of mix effects) year-over-year

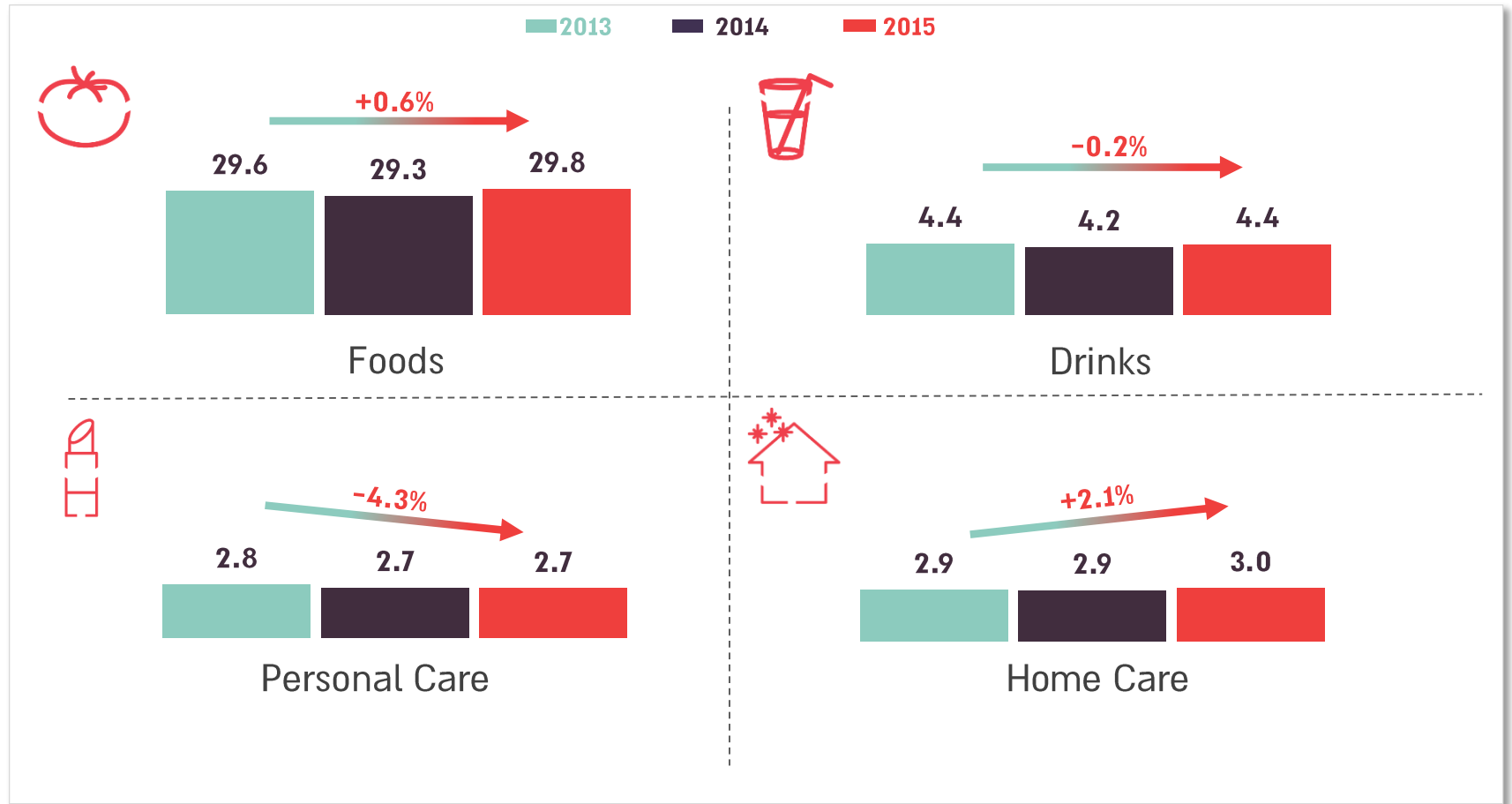
# FMCG Market Size 2013-2015

After 2014 has declined in sales, 2015 presents a moderate increase and the market returns to the sales level marked in 2013



# Market Size by Fields 2013-2015

Total Value Sales (Billions ILS)

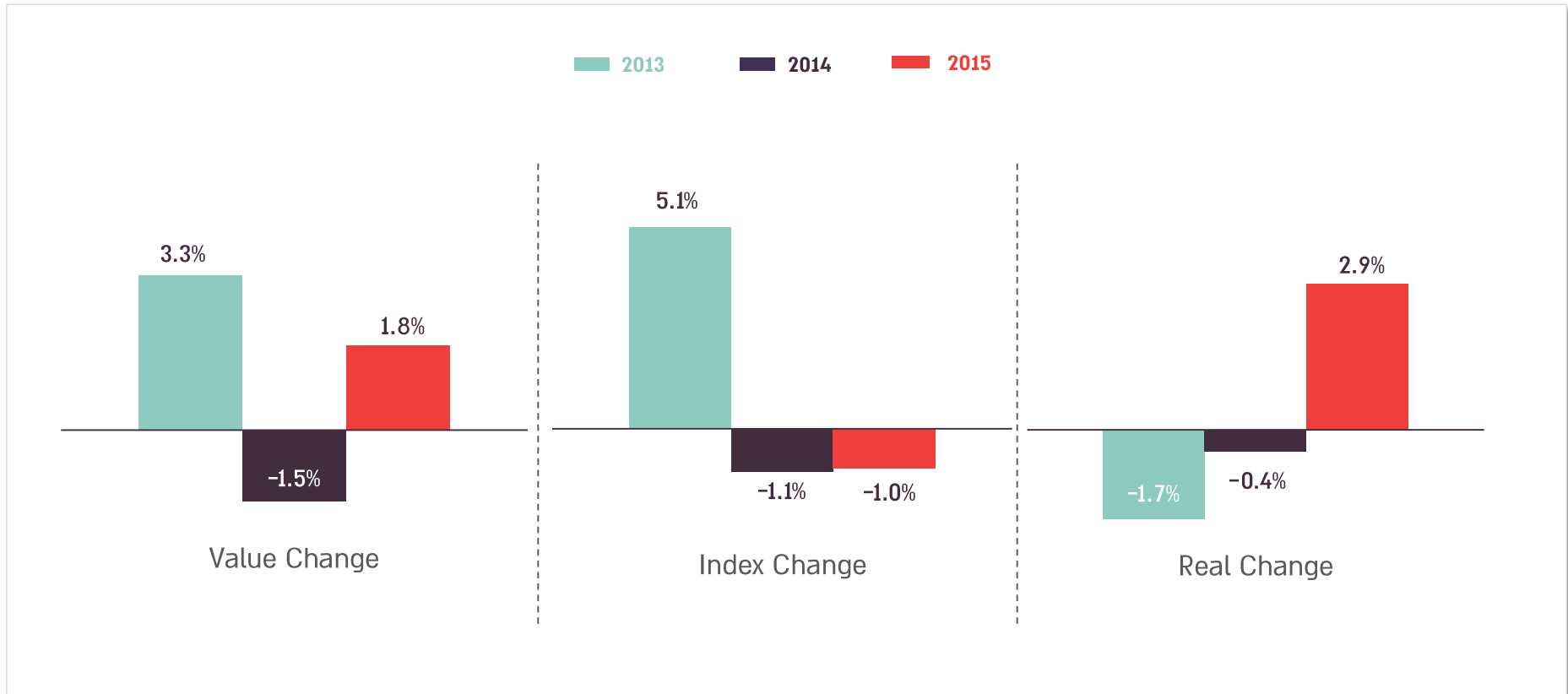


# FMCG Annual Change 2013-2015



The last two years mark a decrease in the StoreNext Price Index

In 2015, unlike 2014, the Index decline was accompanied with Real Growth and Value Sales incline

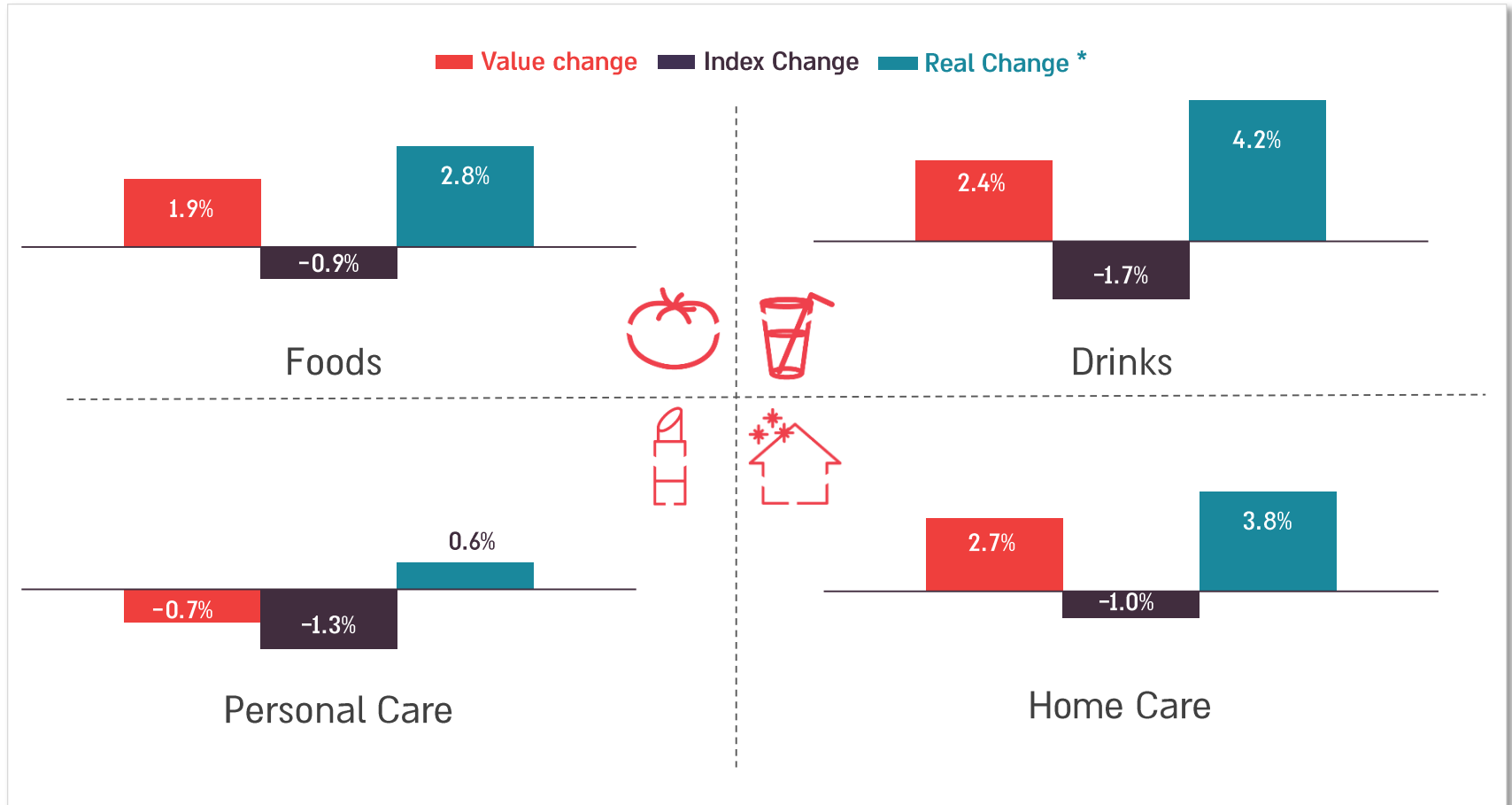


\* Real Change – Value Sales growth deducted by the Change in Storenext Price Index (neutralized of mix effects) year-over-year

# Annual Change by Fields 2015

2015 Vs 2014

In 2015 All fields rise in value sales except for Personal Care  
All fields mark a decline in Price Index and a Real Increase



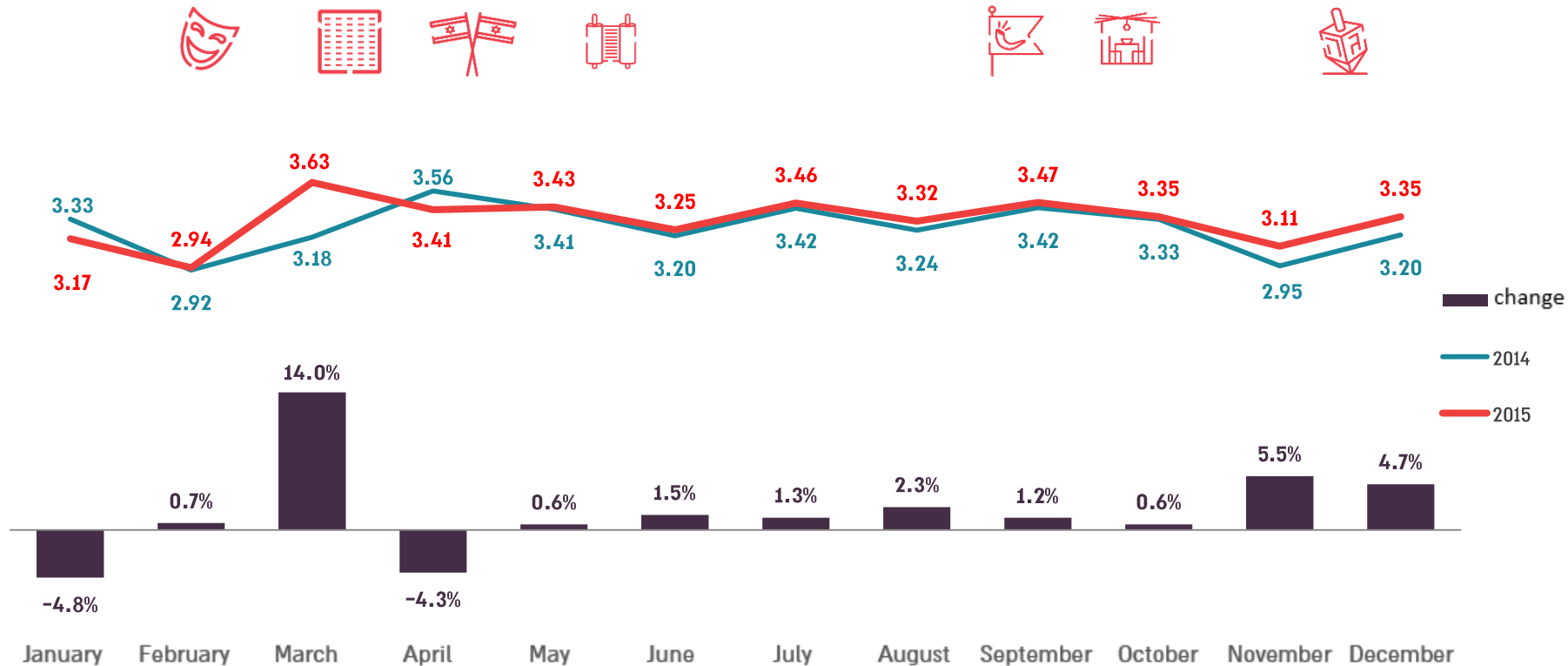
\* Real Change – Value Sales growth deducted by the Change in Storenext Price Index (neutralized of mix effects) year-over-year



# Monthly Sales Trend

FMCG Value Sales, NIS billion

The growth in November-December derives partially from low volume sales in 2014 and a different amount of sale-days, thus completing a year of moderate growth



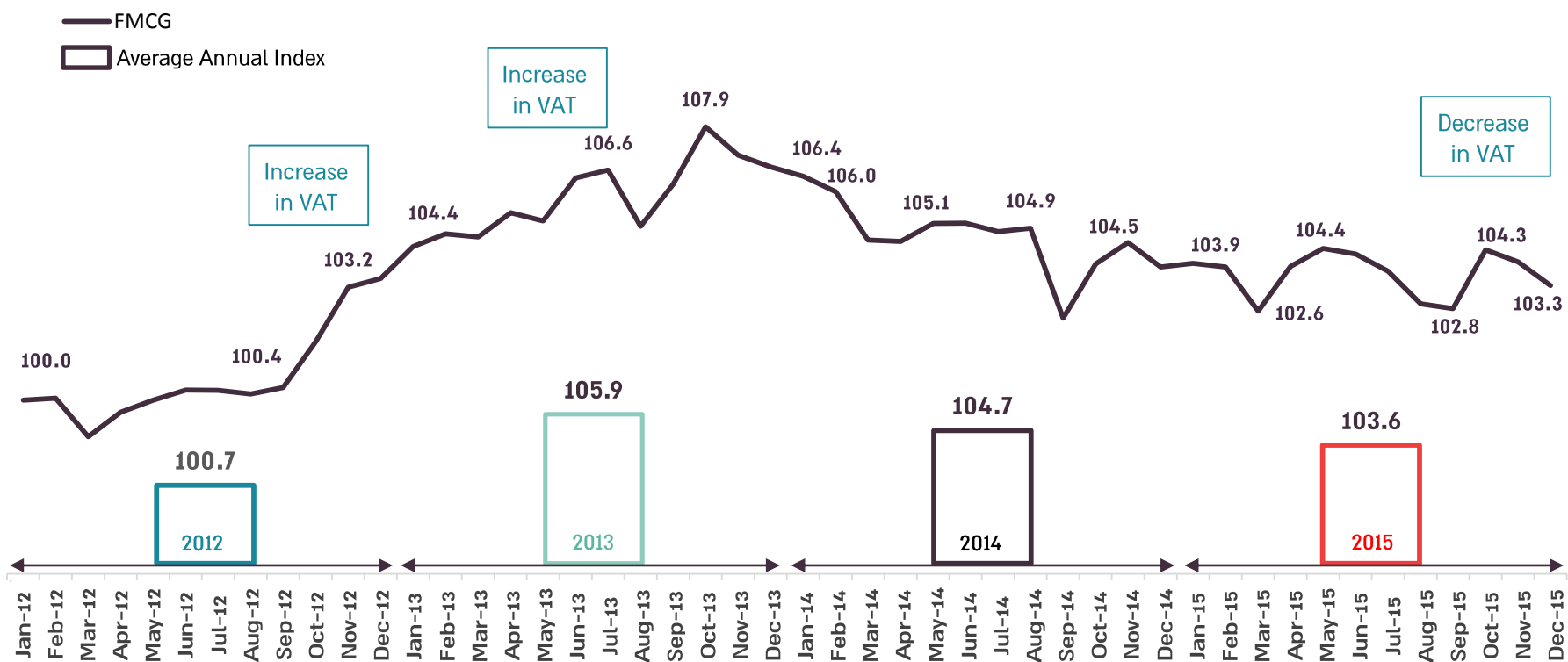
# StoreNext's Price Index



StoreNext's price index measures the change in product prices neutralized of changes in the sales mix

December marks an additional decline in the FMCG Price Index driven by end of the year sales and the VAT decrease

The 2015 cumulative index stands at 103.6 - 1.1 points lower than the cumulative index of 2014

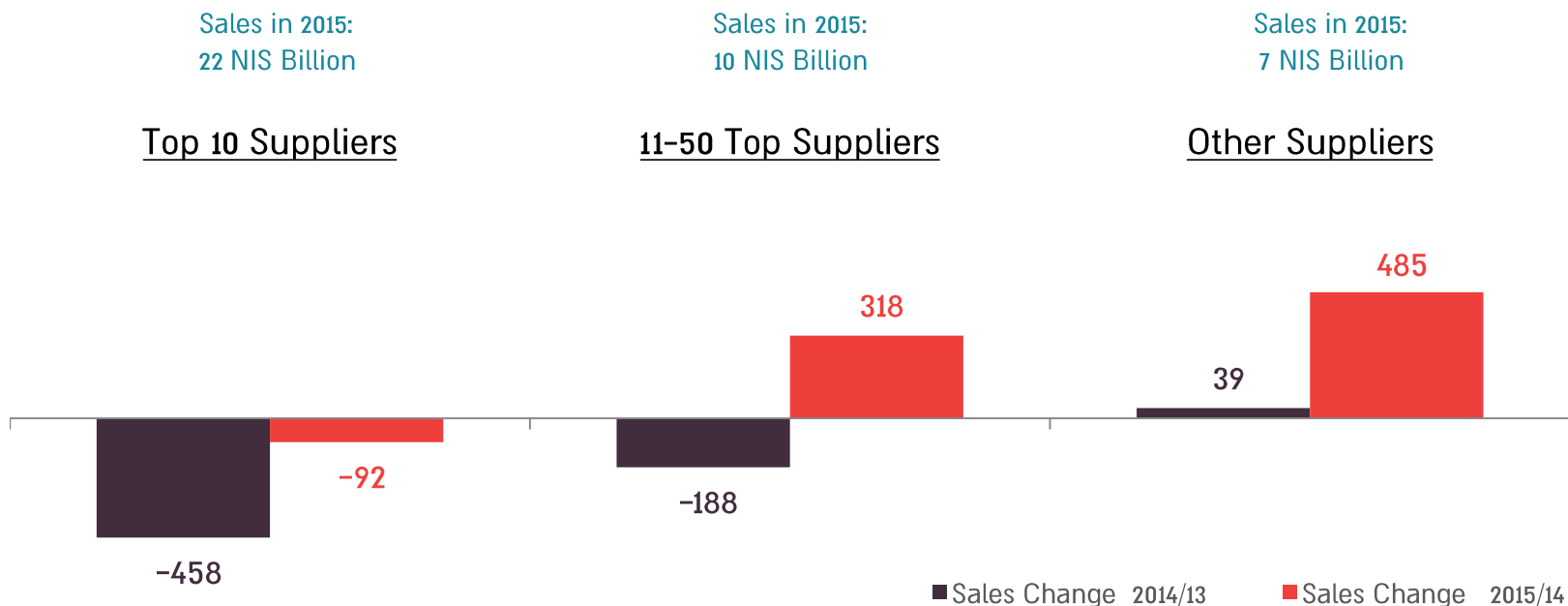


# Change in Suppliers' Sales 2013-2015



Suppliers' FMCG Value Sales, NIS Million

The sales of the Top 10 suppliers decline, along with the trend of 2014 only more moderately  
The rise in sales of Medium-sized and Small-sized suppliers lead to the market's moderate growth

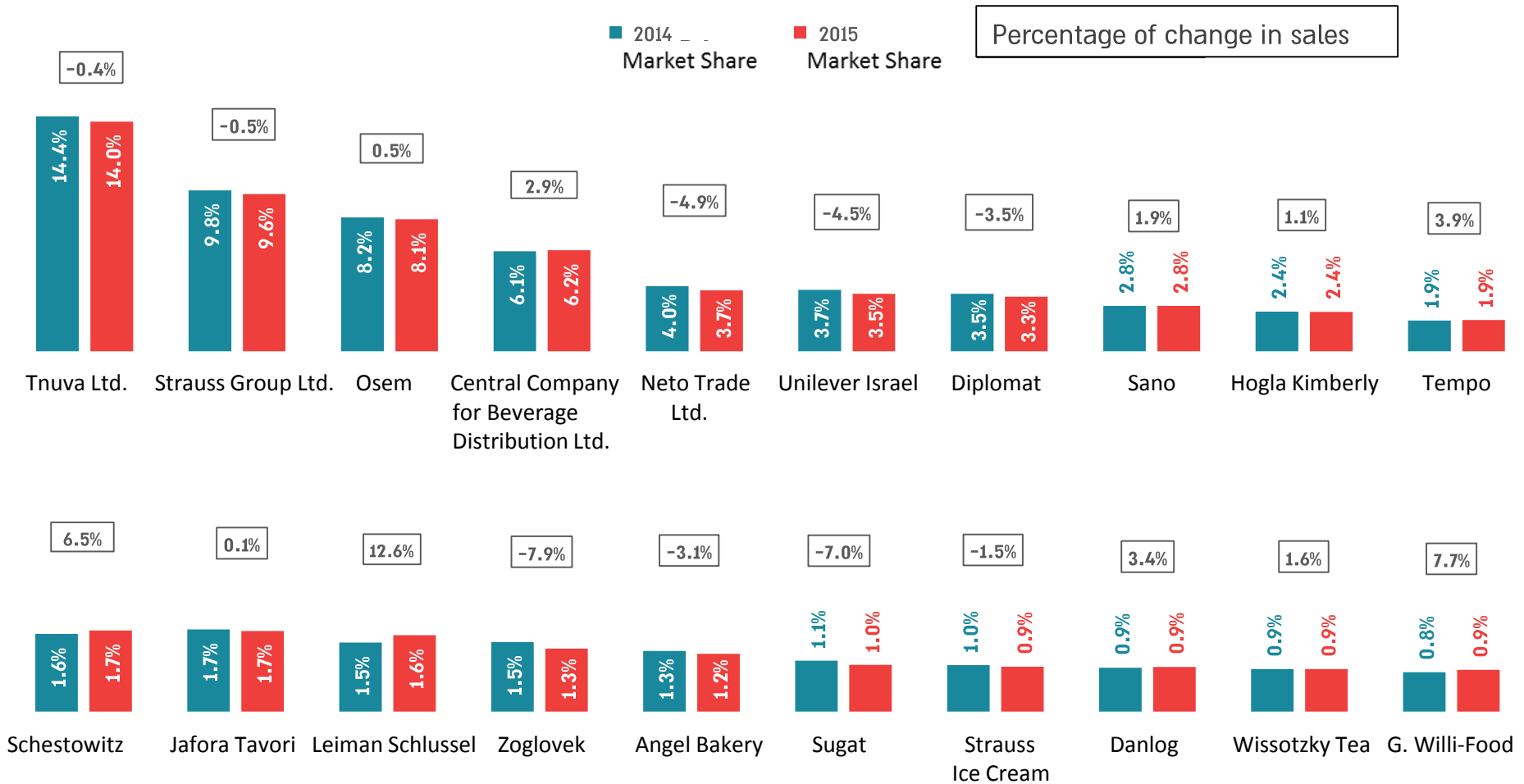


# Market Share and Suppliers' Growth 2015

Value market share of total FMCG

The market share of the 10 leading suppliers is 1.2 points lower year-over-year at 55.5%

The erosion of the leading suppliers' market share is consistent with the trend in 2014

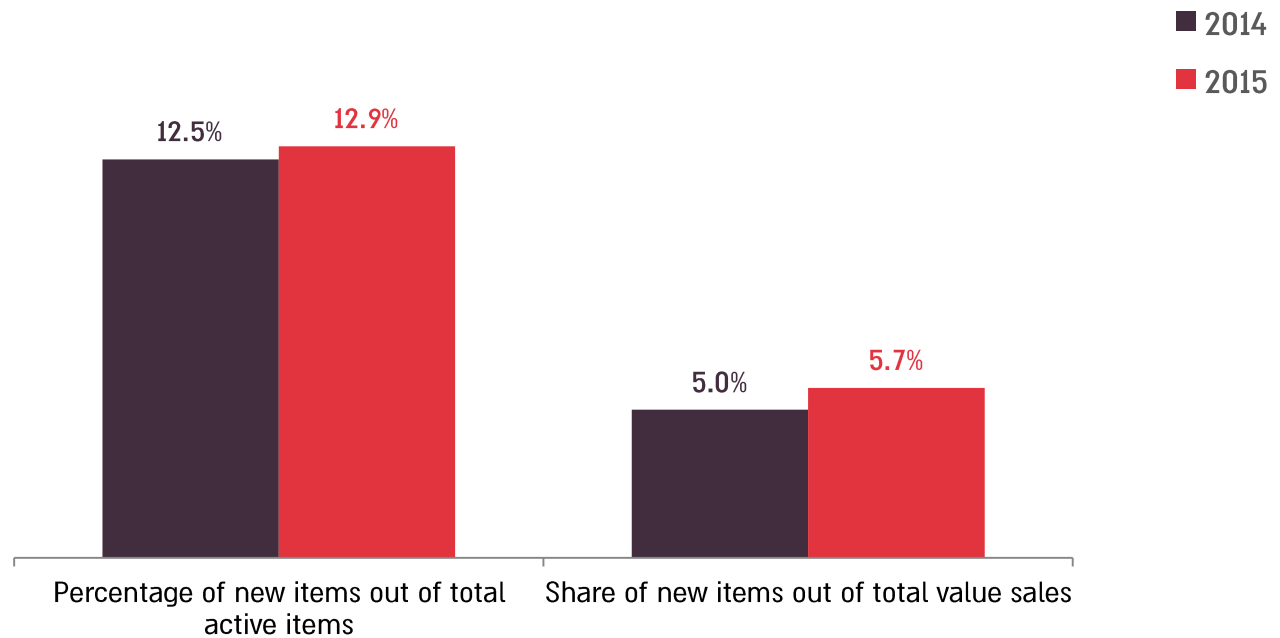


# Innovation in 2015



Share of new items in total Value Sales in 2015 compared to 2014

One of the factors that supported the growth in 2015 is a rise in the amount of new items and their contribution to the FMCG sales

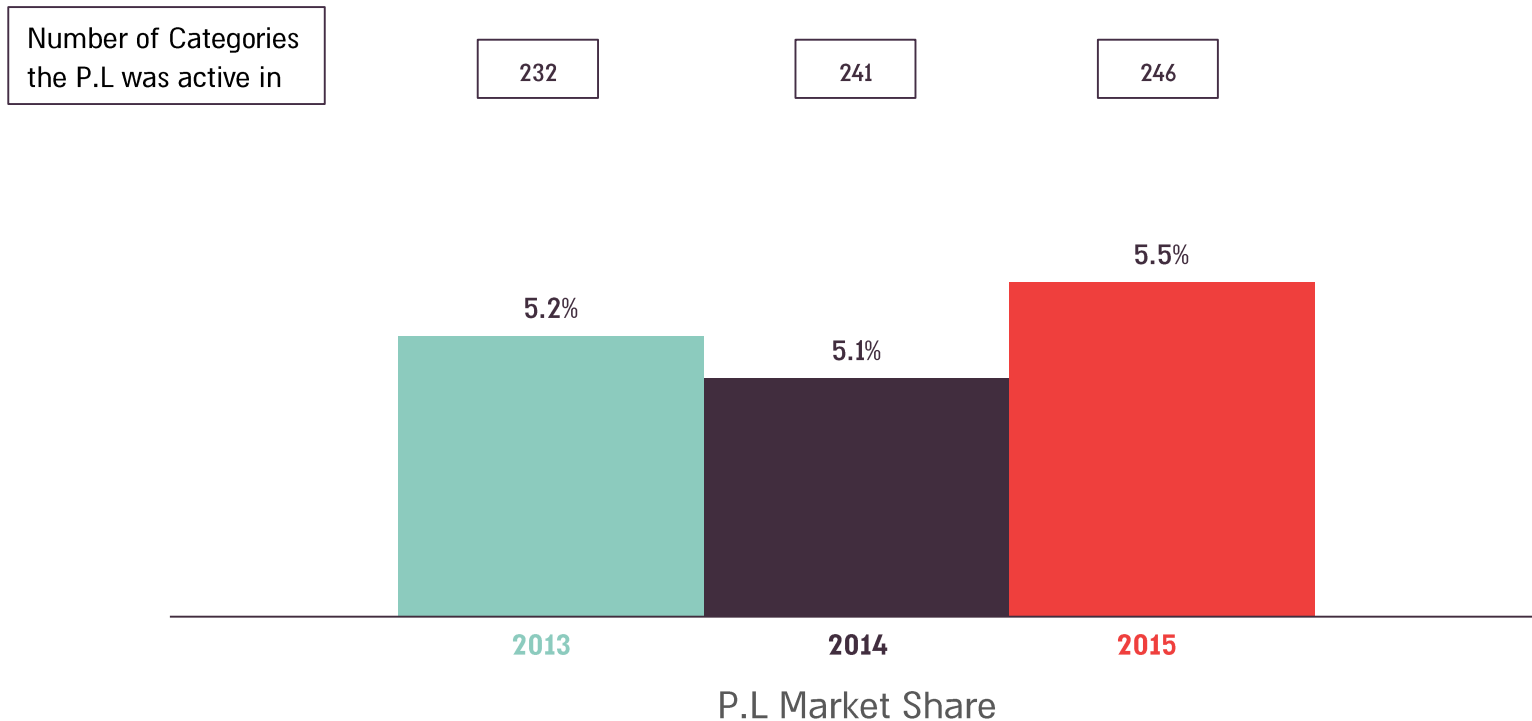


\* Active items – items that sold in excess of NIS 10,000 in the entire market

# Private Label's Share of Total FMCG

## Annual Value Market Share

The Private Label's Value Sales are 2.2 NIS Billion in 2015, rising 11% compared to last year  
The P.L Market Share increases again, following a trend that began in Q4 of 2014  
During this period the P.L entered new categories, including fresh and refrigerated products

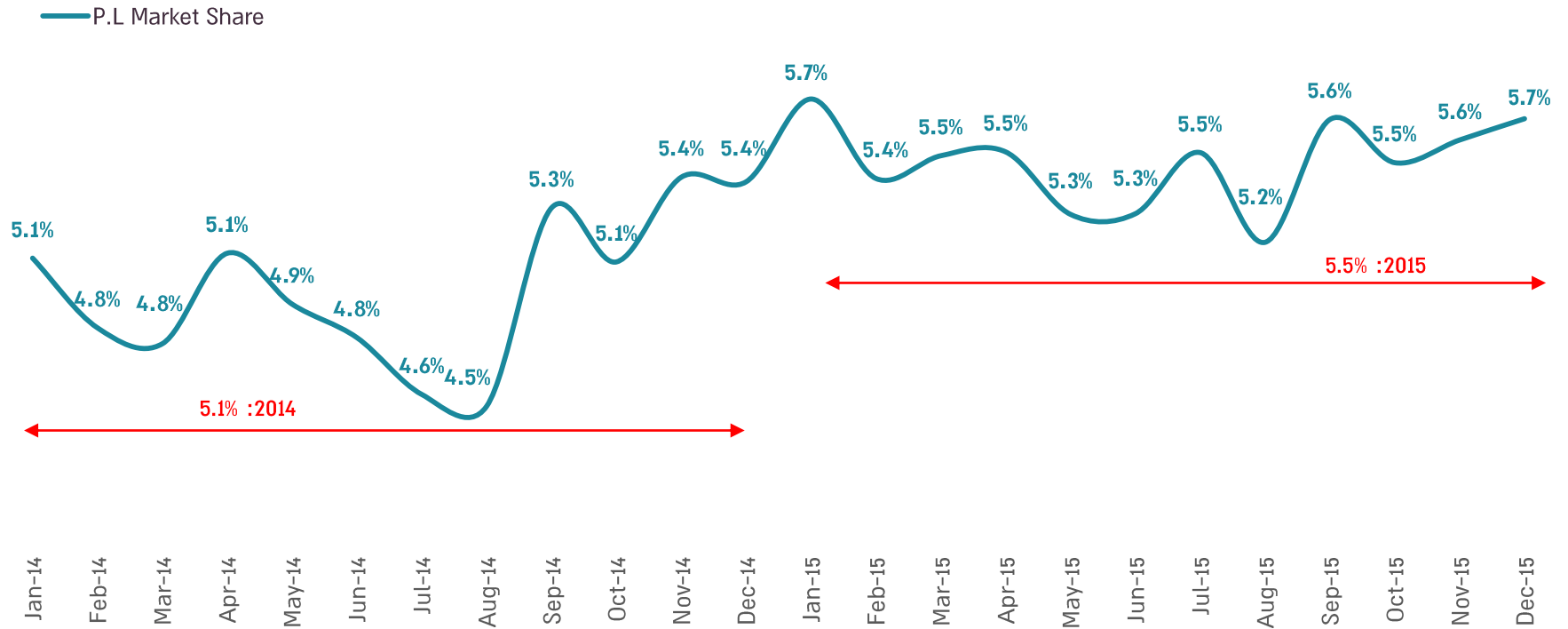


\* Categories in which the Private Label had sold over 20,000 NIS annually

# Private Label's Share of Total FMCG

Monthly Value Market Share

The Private Label reaches 5.7% market share in December, its highest share since January 2015

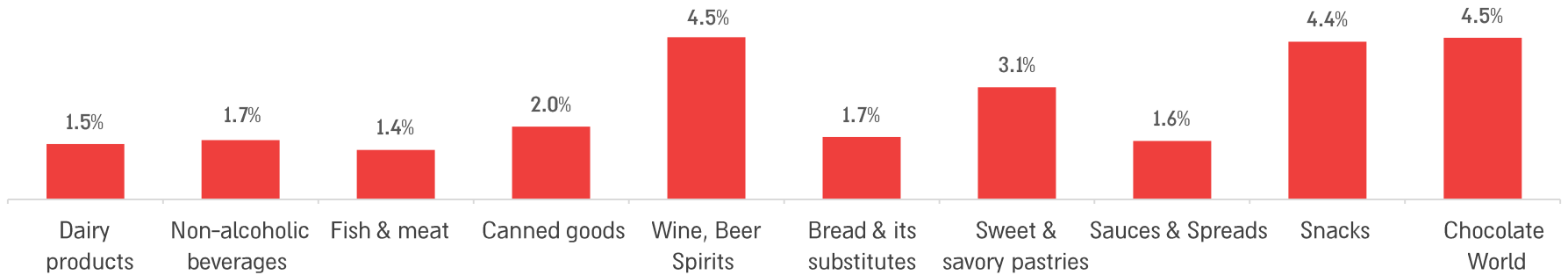


# Value Change in Key Classes 2015

Change in 2015 compared to 2014

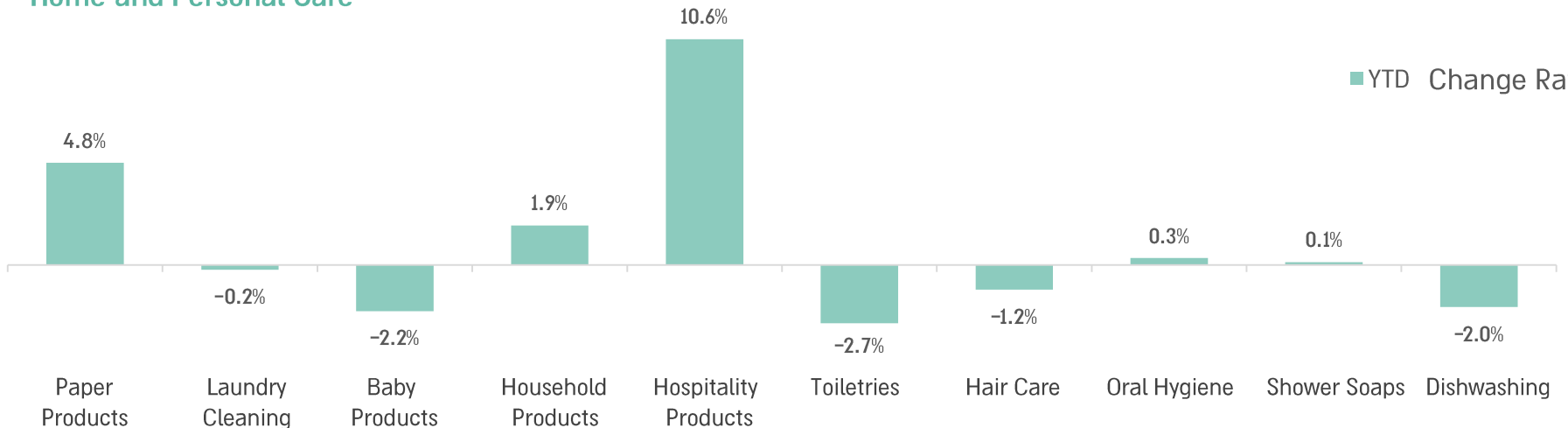
## Food and Beverages

■ YTD Change Rate



## Home and Personal Care

■ YTD Change Rate



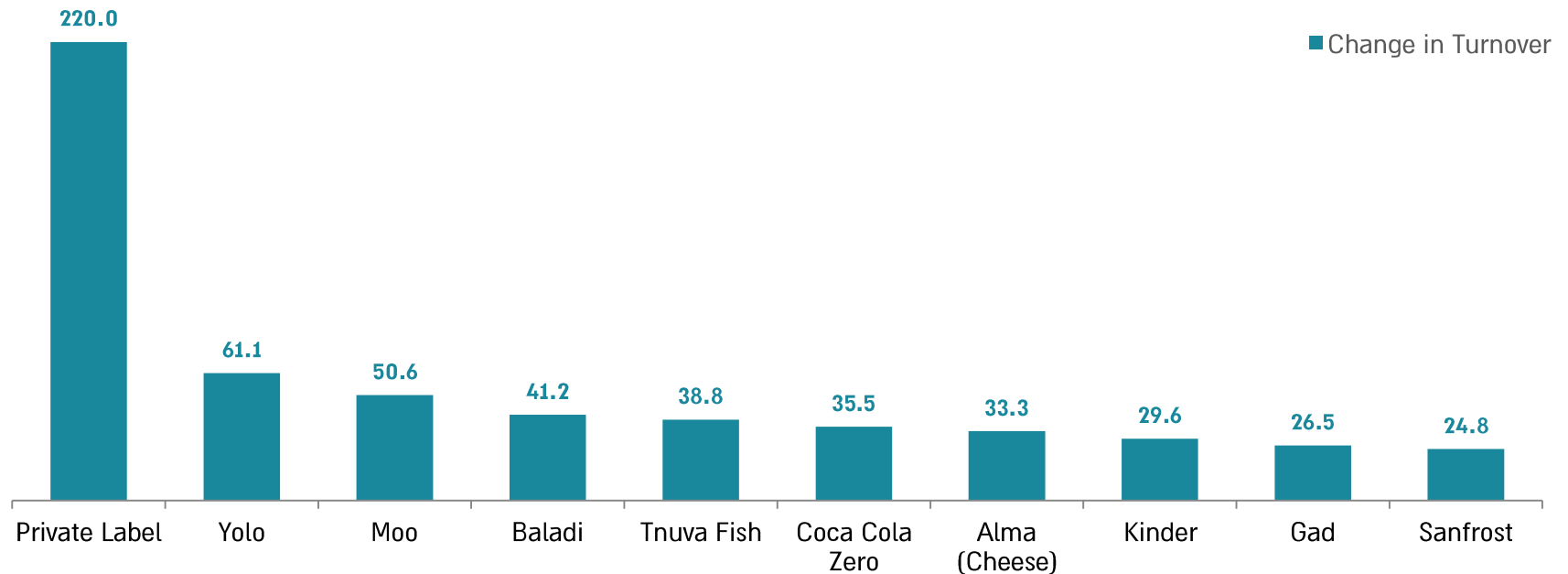


# Growing Brands 2015



Change in turnover in 2015 compared to 2014, NIS million

Four of the most growing brands come from the Dairy Products World, that went through several changes: Launches, penetration of the Private Label and the broadening of import quotas



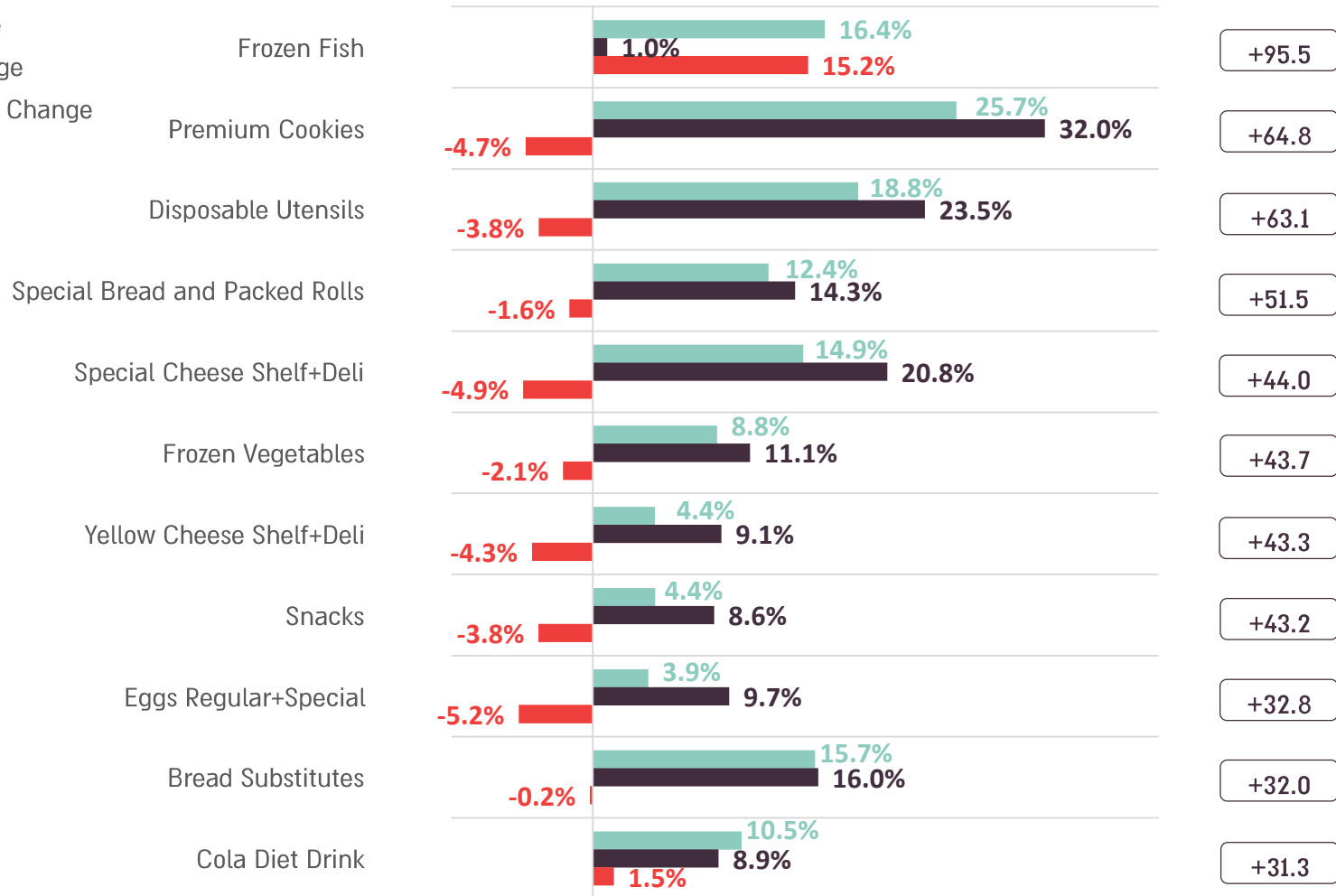
# Growing Categories 2013-2015

Two years change – 2015 compared to 2013



In most categories the Value growth was accompanied with volume growth and price decline

- Value Change
- Volume Change
- Average Price Change



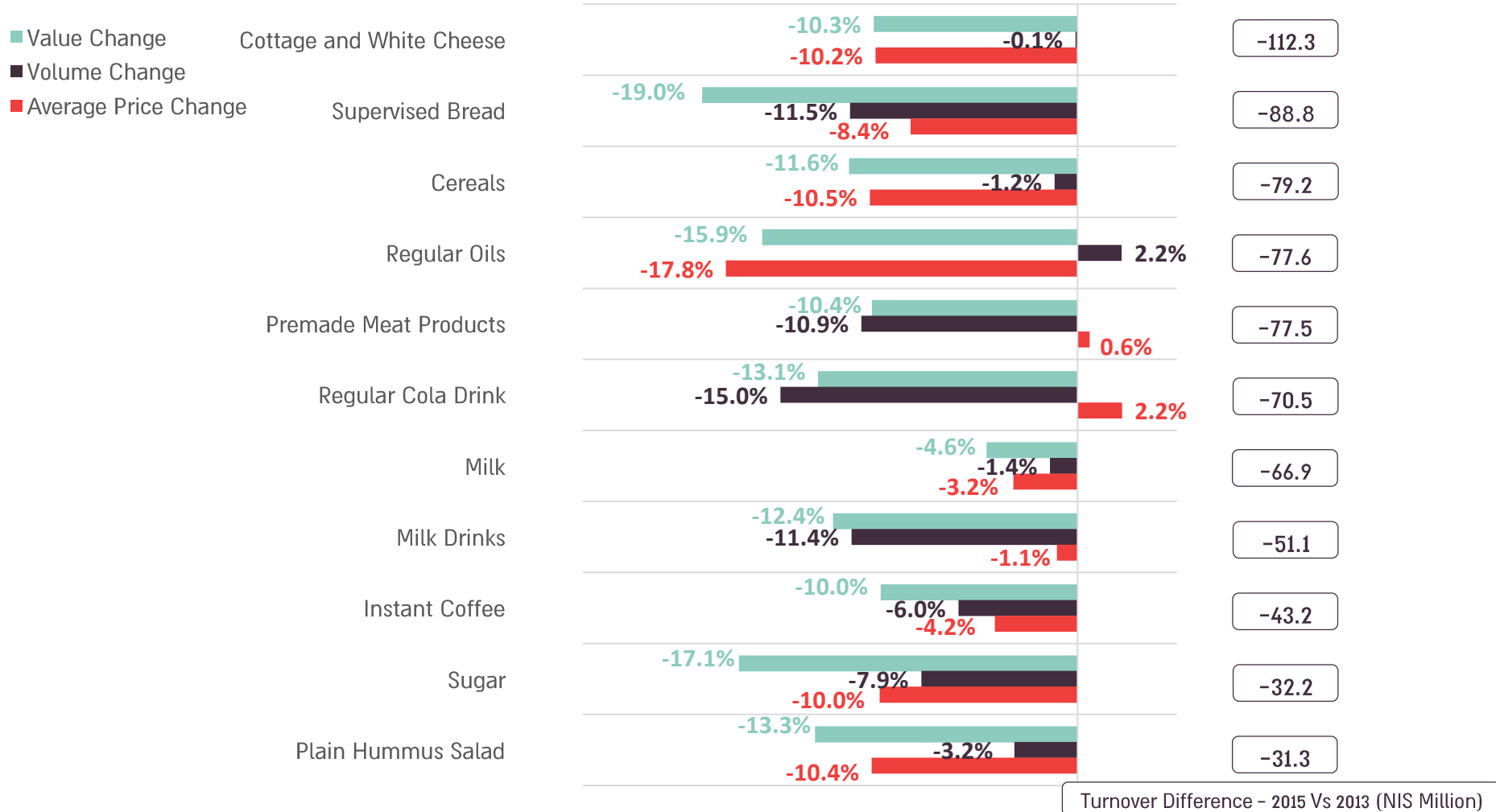
Turnover Difference - 2015 Vs 2013 (NIS Million)

# Declining Categories 2013-2015

Two years change – 2015 compared to 2013



In Basic categories the drop is driven by price decline, while categories perceived as less healthy it goes along with a significant volume decline



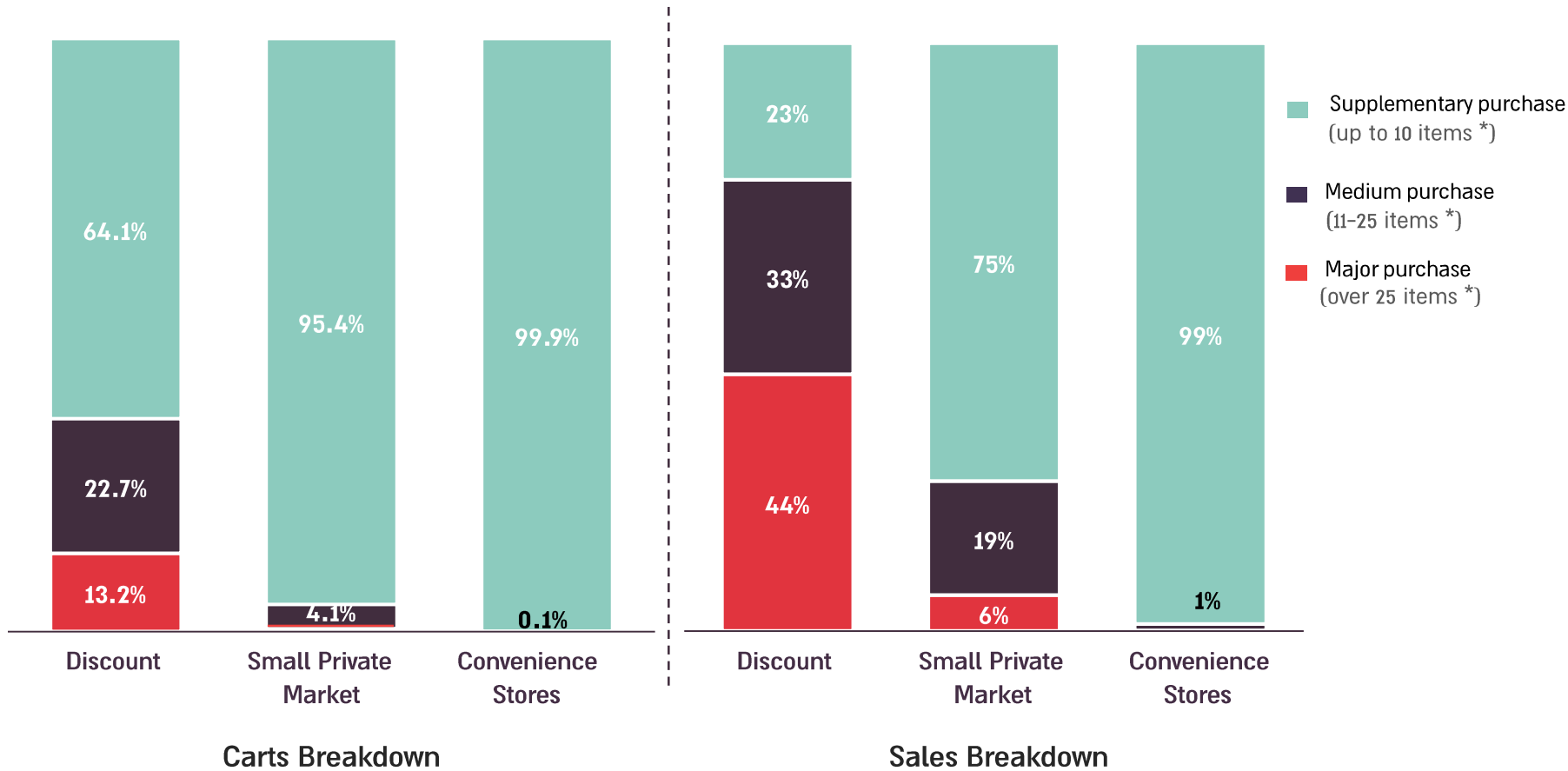
Turnover Difference - 2015 Vs 2013 (NIS Million)

# Breakdown of Shopping Carts in Formats - 2015



Shopping Carts in 2015 did not mark significant changes compared to 2014

Only 13% of the Shopping carts in Discount Format are of Major Purchase but they account for 44% of sales

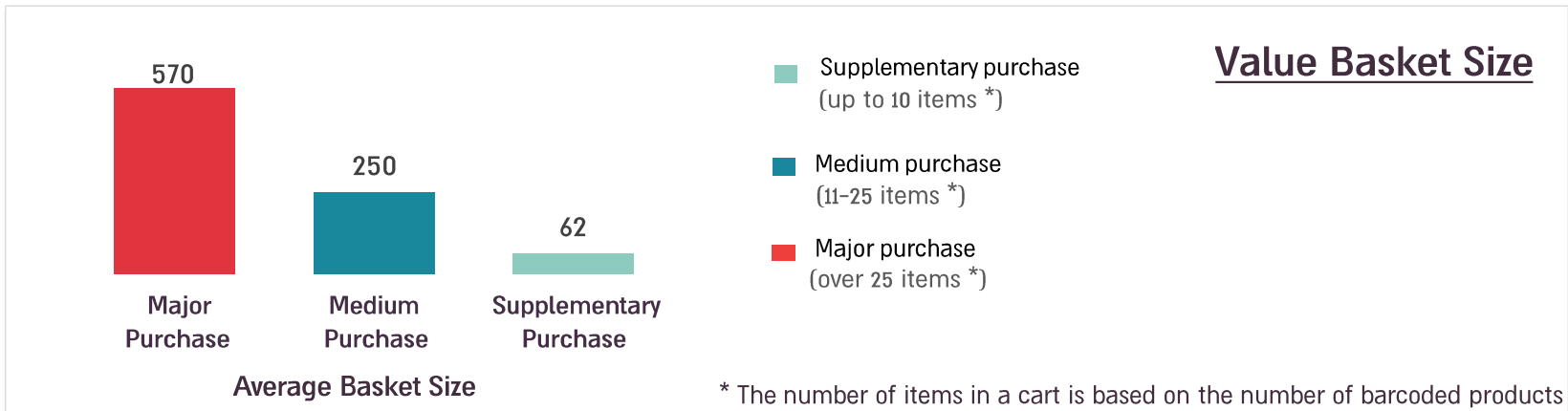
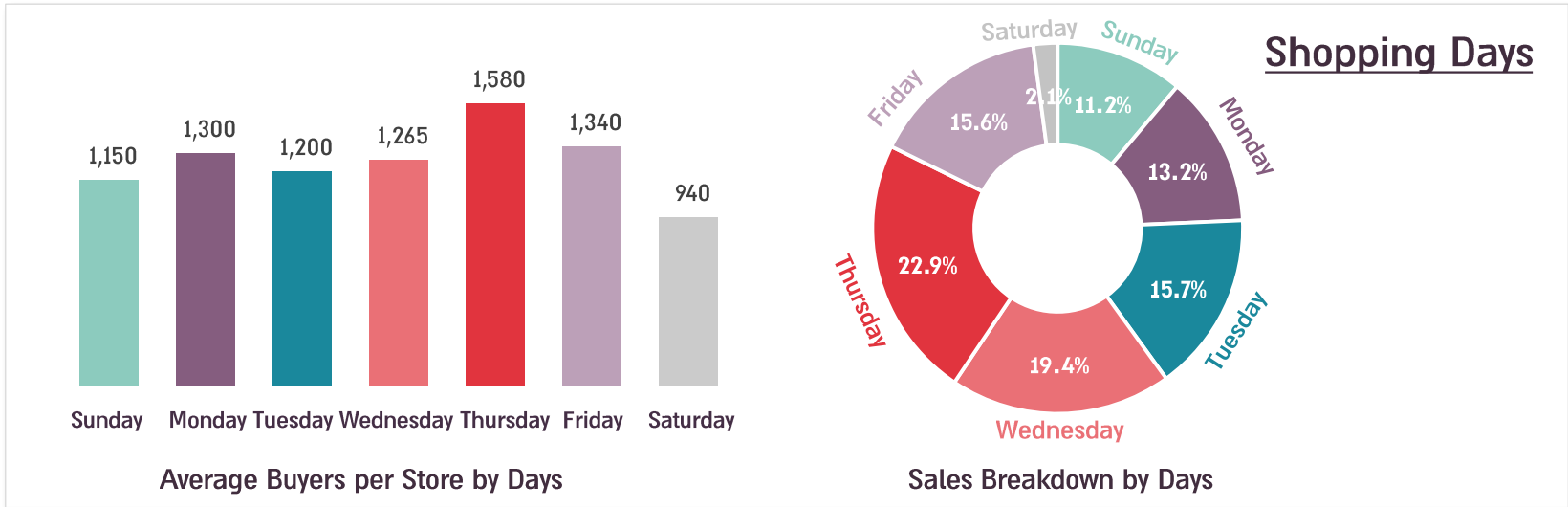


\* The number of items in a cart is based on the number of barcoded products

# Shopping Carts Data – Discount Stores



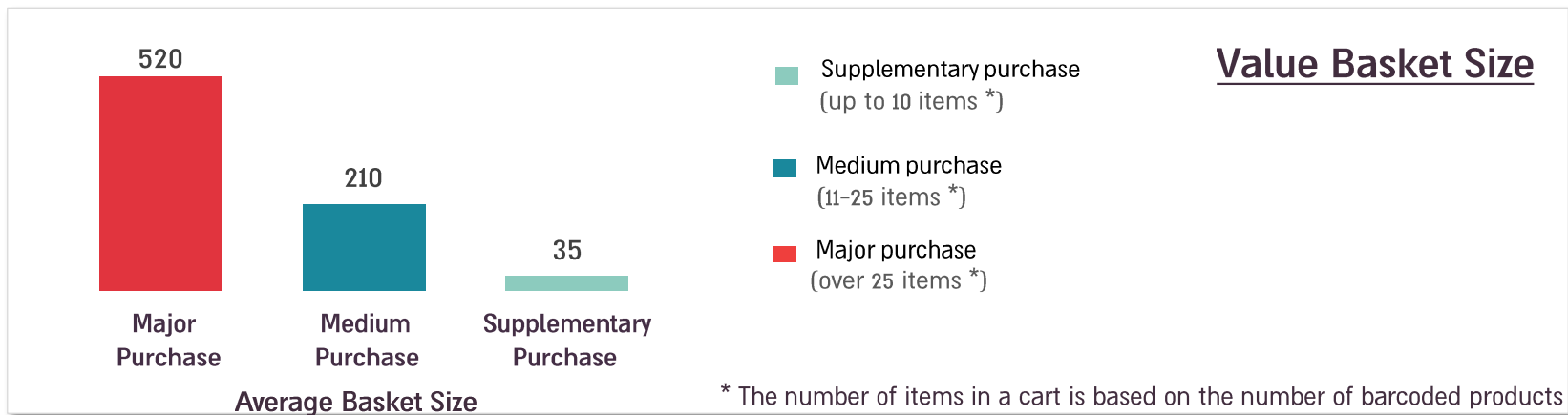
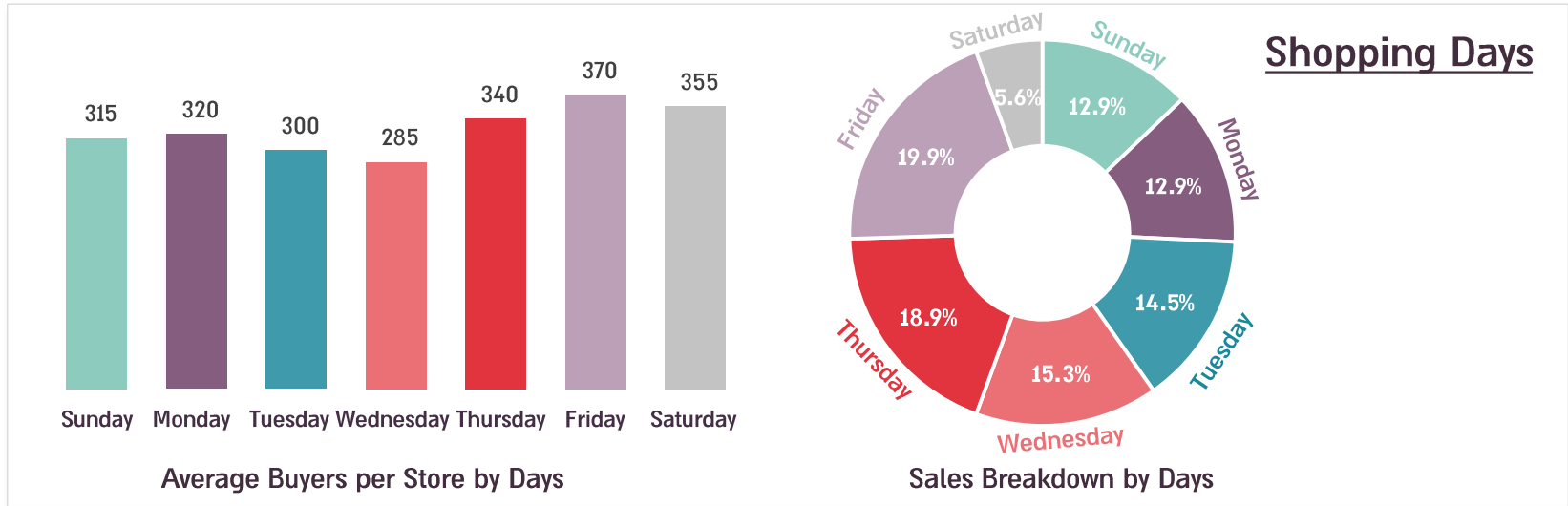
Wednesday marks a relatively low average of buyers but its contribution to sales is high due to high rate of Major Purchases



# Shopping Carts Data – Small Private Market



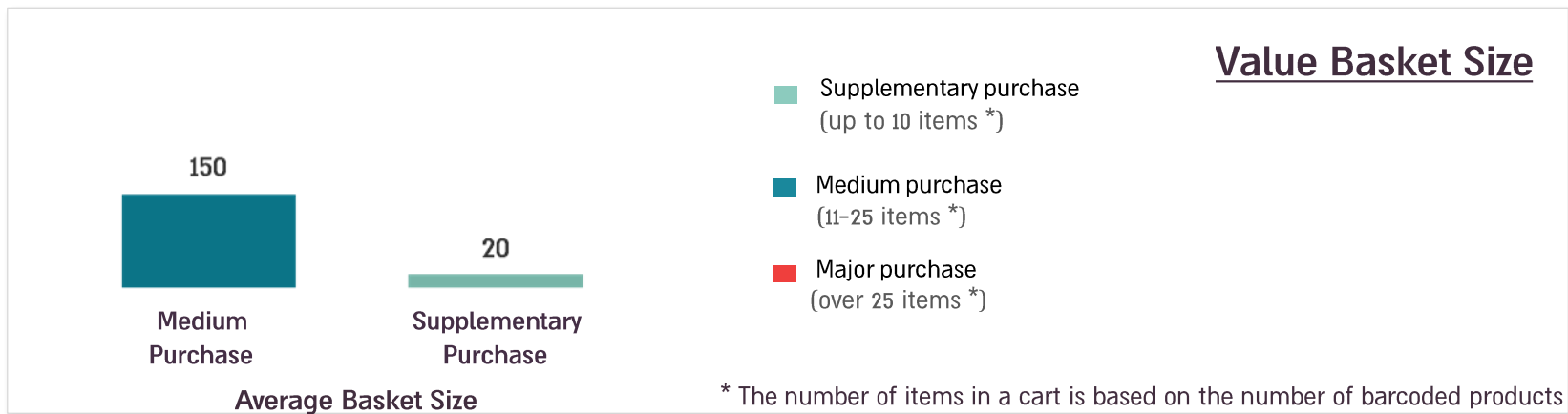
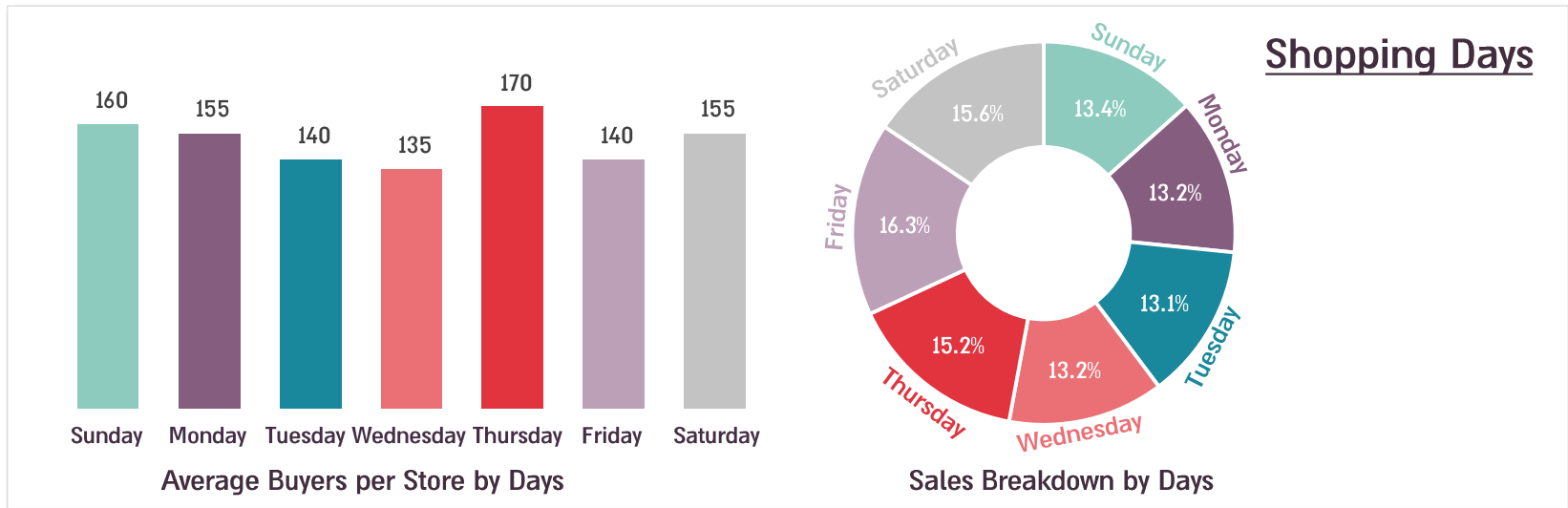
The average number of buyers in the weekend is higher than the rest of the weekdays



# Shopping Carts Data – Convenience Stores







Despite a rather low average of buyers, Friday is the day with the largest contribution to sales



# Looking Forward: 2016



In the last two years few processes have begun that are set to influence 2016 as well:

-  **The Private Label** will broaden into new categories and most likely more retailers and will continue to grow in share
-  Decreasing import taxes and easing the process might enlarge the imports volume thus **increasing the competition**
-  The decline in V.A.T in Q4 2015 along with the estimation that suppliers will not raise the prices is expected to **preserve the current trend in StoreNext Price Index**
-  The growth is expected to be driven by **Innovation and more precise conduct of the offer to the consumer** (Value/Cost)

**These trends will all take place against the backdrop of the changes in the retail market structure**

**We Estimate that the upcoming year will resemble 2015 and will present moderate growth along with continuous decline in the price index**





Have a Great Year

StoreNext

Looking Forward