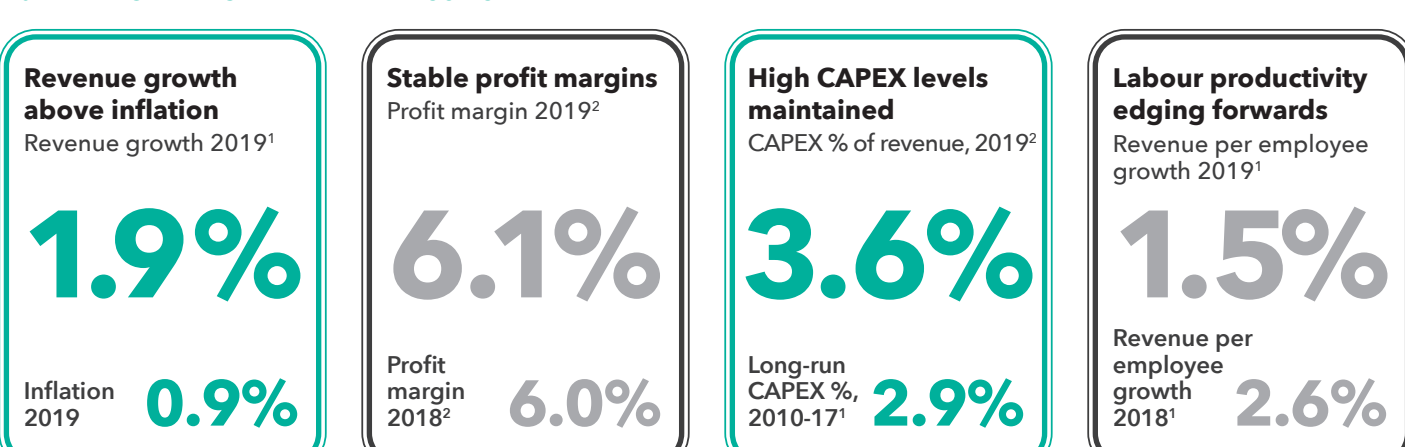


# Fortunes to be won or lost

2019 saw a return to stability but are you ready for the turbulence that is yet to come?

## 1. 2019 was a year of stability, with the industry moving in the right direction on most metrics

### 2019 PERFORMANCE - HEADLINE RESULTS



<sup>1</sup> Including exceptionals, e.g. companies with large M&A effects  
<sup>2</sup> Excluding exceptionals, e.g. companies with large M&A effects

## 2. In this period there were a number of players that stood out from the crowd

### PERFORMANCE WINNERS OVERVIEW

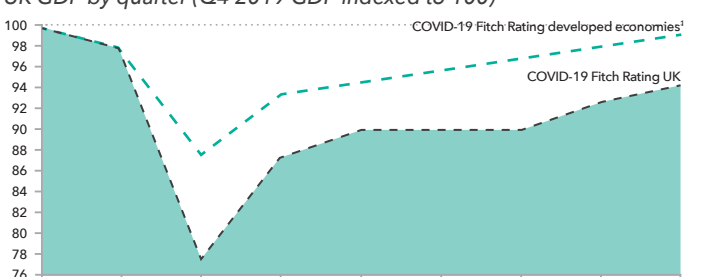
	Grocer 150 Rank	Turnover Growth <sup>1</sup> (%)	Margin Delta <sup>1</sup> (Ppts)	Winning Strategy
	#22	+2.8%	+2.4%pts	Turnaround gathering momentum with innovation driving growth in long-standing brands
	#40	+3.2%	+0.5%pts	Turnaround, with shift towards sugar-free and margin through growth through investment in operational efficiency
	#79	9.3%	+1.5%pts	Focus on growth internationally, with core brand Yorkshire Tea benefiting from investment in R&D and operations
	#84	+10.1%	+2.5%pts	Focus on growing premium segment, with cost reduction initiatives to drive margins
	#139	+15.6%	+2.1%pts	Focus on acquisition and turnaround of distressed food business with targeted NPD to expand into vegan ready meals

<sup>1</sup> Financials refer to OC&C Food & Drink Top 150 adjusted financials  
Source: Annual Reports

## 3. However, 2020 and the year ahead hold significant uncertainty with the twin factors of continued Covid disruption and potential for a bumpy Brexit

**Impact of Covid** - A recession accompanied by a set of macro changes to consumer and customer behaviours that are likely to persist into the mid-term.

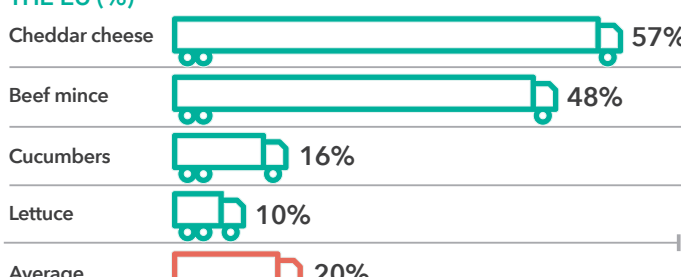
### UK GDP BY QUARTER VS OTHER DEVELOPED ECONOMIES



<sup>1</sup> US, Japan, France, Germany, Italy, Spain, UK Canada, Australia and Switzerland  
Source: OECD, Fitch Ratings

**Potential impact of Brexit** - Potential for cost inflation due to tariffs and currency fluctuation and uncertainty for exports, depending on what deal is negotiated.

### NO DEAL BREXIT TARIFFS ON FOOD IMPORTS FROM THE EU (%)



Source: British Retail Consortium

## 4. Suppliers will need to adapt to both shifting demand preferences and continued supply-side pressure in this changing landscape

### DEMAND-SIDE IMPLICATIONS

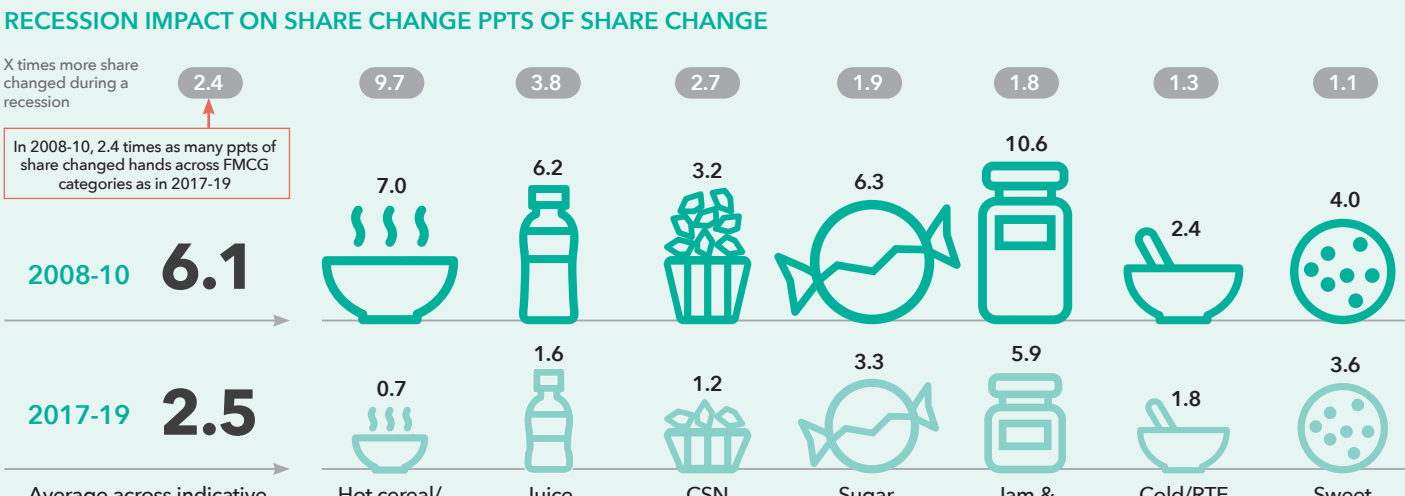


### SUPPLY-SIDE IMPLICATIONS



## 5. In the face of this disruption, there are opportunities for the brave and the bold

### RECESSION IMPACT ON SHARE CHANGE PPTS OF SHARE CHANGE



Source: Euromaster

## 6. The question is, are you ready?

### THERE ARE A NUMBER OF QUESTIONS THAT SUPPLIERS SHOULD ASK THEMSELVES



Covid-19 has driven huge changes across the consumer goods industry and the outlook for 2020 and year ahead remains turbulent, with the ongoing impact of Covid, as well as potential for a bumpy Brexit. Suppliers will continue to face challenges from multiple fronts - recessionary spending patterns, grocer emphasis on value, shifting consumer needs, continued labour challenges and Brexit driven inflation to name but a few.

However, there is opportunity for suppliers in all of this.

- Food and drink at home is regaining relevance with the consumer in the Covid era
- Aspirational but accessible products stand to do well, particularly when positioned behind key trends, such as healthy eating, scratch cooking or affordable indulgence
- Disruption provides catalyst for change, creating larger than ever gaps between winners and losers

The question is, are you positioned to be one of the winners?

If you would like to discuss any of the themes covered in the Top 150 report we'd be delighted to talk.

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